

# INITIAL PUBLIC OFFERINGS

## Singapore



# Initial Public Offerings

Consulting editors

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Quick reference guide enabling side-by-side comparison of local insights into initial public offerings (IPOs), including market overview (size, issuers and exchanges); rulemaking and enforcement bodies; listing requirements (authorisation process, prospectuses, publicity and marketing, enforcement); timetable and costs; corporate governance (typical requirements, allowances for new issues, takeover rules and anti-takeover devices); foreign issuers (special requirements and selling foreign issues to domestic investors); tax issues; investor claims (fora, class actions, claims, defendants and remedies); and recent trends.

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## MARKET OVERVIEW

### Size of market

What is the size of the market for initial public offerings (IPOs) in your jurisdiction?

In 2020, there were 11 IPOs of equity securities on Singapore Exchange Securities Trading Limited (SGX-ST) raising a total of approximately S\$1.4 billion, with five new listings on the Mainboard raising S\$1.37 billion and six new listings on the Catalist raising S\$43.1 million. This includes two real estate investment trusts (REITs) that were listed on the Mainboard in 2020, raising a combined S\$681.5 million. In 2021, there were eight IPOs of equity securities on the SGX-ST raising a total of approximately S\$1.7 billion, with three new listings on the Mainboard raising S\$1.60 billion and five new listings on the Catalist raising S\$59.3 million. This includes two REITs that were listed on the Mainboard in 2021, raising a total of approximately S\$1.3 billion.

*Law stated - 23 April 2022*

### Issuers

Who are the issuers in the IPO market? Do domestic companies tend to list at home or overseas? Do overseas companies list in your market?

The SGX-ST has high international representation, with 456 issuers listed on the Mainboard and 217 issuers listed on the Catalist, of which 442 are Singapore issuers and 231 are overseas issuers, as at the end of 2021. Foreign issuers that are incorporated or otherwise established outside Singapore may list on the Mainboard of the SGX-ST and the listing may be a primary or secondary listing.

In particular, the SGX-ST is one of Asia's largest REIT and property trust markets, with 44 listed REITs and property trusts as at the end of 2021 with a combined market capitalisation of more than S\$100 billion, of which over 80 per cent have exposure to overseas properties.

The SGX-ST, with the support of the China Securities Regulatory Commission, also offers a platform for companies incorporated in China to seek a direct listing on the Mainboard under the direct listing framework.

In addition, the SGX-ST offers issuers the option to list and trade shares in two currencies within a single pool with full fungibility between the two currencies. This enables issuers to offer flexibility and to reach a wider investor base through a single listing. Foreign currencies available for dual currency trading include EUR, HKD, USD, AUD and CNY.

*Law stated - 23 April 2022*

### Primary exchanges

What are the primary exchanges for IPOs? How do they differ?

SGX-ST, a wholly owned subsidiary of the Singapore Exchange Limited, is the primary stock exchange for IPOs in Singapore. The SGX-ST maintains two boards, the Mainboard and the Catalist. The Mainboard caters to the needs of established enterprises, whereas the Catalist is a sponsor-supervised platform and caters to the needs of fast-growing enterprises.

### Types of listings

Equity securities can be listed on the Mainboard in the form of shares or global depository receipts, whereas equity

securities can only be listed in the form of shares on the Catalist. Furthermore REITs, business trusts (BTs) and secondary listings can only be listed on the Mainboard.

## Quantitative requirements

The Mainboard has quantitative and qualitative thresholds (including minimum operating track record period, minimum profit or market capitalisation) for listing applicants, which are comparable to the main markets of international exchanges. In contrast, there are no quantitative financial requirements to be met for entry on to the Catalist. Instead, companies seeking a primary listing on the Catalist must be brought to list by authorised full sponsors via an IPO or a reverse takeover.

## Approval and supervisory regime

A listing application on the Mainboard is subject to review and approval by Singapore Exchange Regulation Pte Ltd (SGX RegCo), whereas a listing application on the Catalist is made to the appointed full sponsor who determines the suitability of a company for listing and supervises the listed company's compliance with their continuing listing obligations.

Subject to meeting prescribed quantitative requirements, a Catalist issuer can transfer its listing to the Mainboard after its been listed on the Catalist for two years.

*Law stated - 23 April 2022*

## REGULATION

### Regulators

Which bodies are responsible for rulemaking and enforcing the rules on IPOs?

The Monetary Authority of Singapore (MAS) regulates the securities and futures markets in Singapore. The MAS has powers under the Securities and Futures Act 2001 of Singapore (SFA) to make regulations and issue directions if the MAS thinks it necessary or expedient for ensuring the fair, orderly and transparent operation of any organised market, ensuring the integrity and stability of the capital markets or the financial system, or in the interests of the public or for the protection of investors. The SFA is the primary legislation governing offers of securities and securities-based derivatives contracts in Singapore along with applicable subsidiary legislation.

The Singapore Exchange Securities Trading Limited (SGX-ST) operates the Mainboard and the Catalist in accordance with the SGX-ST Listing Manual and Catalist Rules, respectively, which set out the requirements that apply to issuers, the manner in which securities are to be offered and the continuing obligations of issuers, with a view to promoting a fair, orderly and transparent market. The listing rules are interpreted, administered and enforced by the Singapore Exchange Regulation Pte Ltd (SGX RegCo) and the decisions and requirements of the SGX RegCo are conclusive and binding on an issuer.

The SGX RegCo will issue practice notes, decisions and guidance from time to time to regulate the interpretation of listing rules and requirements, including on the listing procedure and related matters, as well as case studies setting out decisions on listing applications for market professionals to understand aspects that are of key concern to the SGX-ST. The MAS will also issue guidelines, notices and practice notes from time to time on matters including prospectus requirements, and the requirements and procedures for offer of investments and securities.

Due diligence undertaken on and in connection with listing applications is expected to be thorough and comprehensive. In this regard, the SGX RegCo has enhanced the listing rules from January 2020 to incorporate issue managers

independence requirements and the SGX RegCo will also have regard to the due diligence guidelines issued by the Association of Banks in Singapore (the Listings Due Diligence Guidelines), which were revised in collaboration with the SGX RegCo with effect from 13 November 2020. The Listings Due Diligence Guidelines serve as a reference point for expected industry standards and provides the broad framework and principles that issue managers should consider when conducting due diligence work. Key updates in the revised guidelines include:

- an increased focus on the assessment of the adequacy and effectiveness of the issuer's internal controls to meet its business needs and challenges as a listed company;
- the assessment of the sustainability and viability of the issuer's business, taking into consideration, in particular, the challenges posed by the prevailing economic climate; and
- targeted guidelines for due diligence on issuers operating in specialised, restricted or niche industries, or in higher risk jurisdictions.

*Law stated - 23 April 2022*

## Authorisation for listing

**Must issuers seek authorisation for a listing? What information must issuers provide to the listing authority and how is it assessed?**

Singapore operates a predominantly disclosure-based regime for capital markets. An issuer seeking a listing is required to prepare a prospectus in accordance with the SFA. During the review process for both Mainboard and Catalist listings, the SGX RegCo may also raise queries on key issues or provide comments on prospectus disclosures.

For a Mainboard listing application, the listing admissions framework entails a two-stage submission process. Stage 1 requires the issue manager to submit section (A) of the Listing Admissions Pack (LAP), which sets out general information of the issuer and highlights key issues for the SGX RegCo's attention. Upon completion of the SGX RegCo's review of the matters set out in the section (A) submission, the SGX RegCo will then inform the issue manager of the outcome of their review and whether it can proceed with Stage 2. Stage 2 requires the issue manager to submit section (B) of the LAP to the SGX RegCo, together with the full listing application, including the draft prospectus. Concurrently with the section (B) submission, a pre-lodgement submission can also be made to the MAS for concurrent review of the draft prospectus.

For a Mainboard listing application for a special purpose acquisition company (SPAC), the listing admissions framework also entails a two-stage submission process, with section (A) of the SPAC LAP to be submitted together with the listing application and section (B) of the SPAC LAP to be submitted together with the de-SPAC application.

For a Catalist listing application, the full sponsor is required to submit the pre-admission notification to the SGX RegCo, together with the supporting documents required for the application, and the draft offer document. Upon approval, the sponsor is then required to submit the listing confirmations in the form prescribed under the listing rules, for the purposes of lodgement with, and registration of the offer document by, the SGX-ST (as agent for the MAS).

*Law stated - 23 April 2022*

## Prospectus

**What information must be made available to prospective investors and how must it be presented?**

A prospectus for an offer of securities is required to contain all the information that investors and their professional advisers would reasonably be required to make an informed assessment of the matters specified under the SFA and the matters prescribed by the SGX RegCo and the MAS. The information in the prospectus should be presented in plain

English and in a clear, comprehensive and well-organised manner, avoiding legal and technical jargon.

The particulars to be included in a prospectus include:

- an overview of the issuer's business and organisational structure;
- risks to the issuer's business and its prospects;
- audited historical financial information (for three full financial years and any interim period); operating and financial review;
- regulatory overview;
- offering statistics and timetable;
- plan of distribution;
- use of proceeds;
- substantial shareholders, directors and key executives;
- interested person transactions and conflict of interests;
- constitutive documents;
- expert reports (eg, an industry report or valuation report); and
- other statutorily required information.

For real estate investment trusts (REITs), information on the manager, the trustee, the property portfolio and the structure of the collective investment scheme and its objectives, focus and approach must also be disclosed. The listing rules also prescribe additional disclosures required for issuers in the mineral, oil and gas sector and the life sciences sector.

*Law stated - 23 April 2022*

### Publicity and marketing

#### What restrictions on publicity and marketing apply during the IPO process?

There is a general prohibition against publicity of the IPO prior to the registration of the prospectus. This includes the publication of any statement referring directly or indirectly to the IPO, or that is reasonably likely to induce persons to subscribe for or purchase the shares, unless authorised by the SFA.

Regard needs to be had to whether the statement forms part of the normal advertising of the issuer's products or services and is genuinely directed at maintaining its existing customers or attracting new customers (which is an exception to the general rule), communicates information that materially deals with the affairs of the issuer, or is likely to encourage investment decisions being made on the basis of the statement rather than on the basis of information contained in the prospectus.

A research report about the securities that are the subject of the IPO may be published and delivered to an institutional investor (as defined under the SFA) no later than 14 days prior to the date of lodgement of the prospectus.

Marketing to institutional investors should only commence after the lodgement of the preliminary prospectus, while marketing to retail investors should only commence after the registration of the final prospectus.

*Law stated - 23 April 2022*

### Enforcement



## What sanctions can public enforcers impose for breach of IPO rules? On whom?

The SFA prescribes both civil and criminal liability for false and misleading statements in relation to an offer of securities. Under the SFA, where an offer of securities is made in or accompanied by a prospectus and a false or misleading statement is contained in the prospectus or any application form for the securities, or if there is an omission to state any information required to be included in the prospectus under the SFA or a new circumstance that has arisen since the prospectus was lodged with the MAS (and would have been required to be included in the prospectus under the SFA if it had arisen before such lodgement), the persons prescribed under the SFA would be guilty of an offence even if such persons, unless otherwise specified, were not involved in the making of the false or misleading statement or the omission.

Persons guilty of the offence as prescribed under the SFA include, but are not limited to: the person making the offer (where the person making the offer is an entity) each director or equivalent person of the entity; and an issue manager and underwriter (but not a sub-underwriter) to the issue or sale of securities who has consented to be named in the prospectus if he or she intentionally or recklessly makes the false or misleading statement or omits to state the information or circumstance, or knowing that the statement is false or misleading or that the information or circumstance has been omitted, he or she fails to take such remedial action as is appropriate in the circumstances without delay, or he or she is reckless as to whether the statement is false or misleading or whether the information or circumstance has been included.

The MAS also has the power to serve a stop order to prevent offers under a deficient prospectus where no supplementary or replacement document to rectify the deficiency is issued. Where a final stop order is issued, the issuer is required under the SFA to return monies received for the subscription or purchase of the securities under the deficient prospectus. Where a registered prospectus is found to be deficient after the securities have been issued and trading has commenced, the MAS will not issue a stop order but the issuer, its directors, the issue manager and underwriter for the offer could still be liable under the SFA for false or misleading information in the prospectus if they are found to be responsible for the deficiency.

Additionally, the SGX-ST imposes obligations on issue managers and full sponsors under the listing rules. These include the obligation to discharge its obligations with due care, diligence and skill. The SGX RegCo may also exercise investigative and enforcement powers for the purposes of enforcing the listing rules, including the powers to initiate and conduct investigations, initiate disciplinary proceedings or take enforcement actions against issuers, their directors, issue managers and sponsors. If, upon the conclusion of its investigations, the SGX RegCo is of the opinion that the issuer has contravened the listing rules, it may provide an offer of composition to an issuer, which may include payment of a specified sum to the SGX and fulfilment of any accompanying terms, or initiate disciplinary proceedings against a relevant person. In addition, where the Disciplinary Committee of the SGX-ST makes a finding that the proceeded charges are made out, it may impose sanctions such as issuing a private warning or a public reprimand, imposing fines payable, issuing an order for the suspension of trading of an issuer's securities or for the removal of an issuer from the Official List, or requiring the resignation of the director or executive officer.

*Law stated - 23 April 2022*

## TIMETABLE AND COSTS

### Timetable

Describe the timetable of a typical IPO and stock exchange listing in your jurisdiction.

The timetable of a typical IPO and listing application in Singapore is as follows.

## **Appointment of professionals**

The appointment of professionals, including an issue manager or sponsor, legal advisers and auditors would be the first step in the process. Generally, at least two months of due diligence and preparatory work needs to be undertaken prior to the submission of any listing application to the Singapore Exchange Securities Trading Limited (SGX-ST). A longer gestation period could be required for more complex matters.

## **Pre-consultation of specific issues with the SGX-ST**

An applicant may consult the SGX-ST to resolve any novel or unprecedented issues prior to the submission of a listing application. Such matters may be referred to the Listings Advisory Committee of the SGX-ST, which provides advice on listing policies and Mainboard listing applications involving novel or unprecedented issues.

## **Submission of listing application to the SGX-ST**

A Mainboard listing applicant submits to the SGX-ST the listing application prepared under the listing admissions framework. The SGX-ST has said that it will provide comments or queries on the prospectus within one week of its receipt of the documents submitted together with section (B). On the basis that any queries are responded to within three calendar days, the SGX-ST has informally committed to a four-week review period after receipt of section (B) before granting eligibility-to-list. Listing on the SGX-ST will not be permitted until all conditions set out in the eligibility-to-list letter have been satisfied.

To reduce the time-to-market, a Mainboard listing applicant may submit its draft prospectus to the Monetary Authority of Singapore (MAS) for pre-lodgement review at the same time as the submission of their listing application to the SGX-ST. A full sponsor of a Catalist listing applicant will submit a pre-admission notification to the SGX-ST once it is satisfied of the suitability of the applicant to be listed on Catalist. Each full sponsor has different internal review processes which need to be satisfied prior to the submission of the pre-admission notification.

## **Lodgement of preliminary prospectus and the commencement of institutional bookbuilding**

Prior to commencing institutional bookbuilding, a Mainboard listing applicant lodges the preliminary prospectus with the MAS. There is public exposure of the preliminary prospectus on the MAS website and members of the public can submit comments on the lodged preliminary prospectus.

For Mainboard listing applicants that have submitted the prospectus for pre-lodgement review to the MAS, the public exposure period for such prospectuses is reduced from a minimum of 14 days to seven days to further shorten the time-to-market and the prospectus will not be subject to further review by the MAS during this time, unless there are new developments or public comments that have a material impact on the issuer or the offer.

For a Catalist listing applicant, the sponsor submits the listing confirmation and lodges the preliminary offer document on behalf of the applicant with the SGX-ST (as agent for the MAS). The preliminary offer document will be exposed on SGX Catalodge for public comment for a minimum period of 14 days, unless extended by the SGX-ST. All comments received from the public will be forwarded to the sponsor who must take such actions as it deems fit and the SGX-ST may also carry out its own investigations and delay the listing until it is satisfied with the findings.

## **Registration of the prospectus and the launch of the deal**

Following the public exposure period, and assuming that the institutional bookbuilding process is successful, issuers will then register the final prospectus with the MAS for Mainboard listings, or the SGX-ST (as agent for the MAS) for Catalist listings.

## Public offer

The public offer must be kept open for at least two market days. A public offer is not required for Catalist listings if the spread requirements are otherwise satisfied.

## Commencement of trading and stabilising actions

Upon satisfaction of any conditions prescribed by the Singapore Exchange Regulation Pte Ltd (SGX RegCo) or the MAS, or both, and the close of the public offer, the securities will be allotted to the successful applicants, following which the issuer is admitted to the Official List and trading on the SGX-ST will commence.

Subject to certain minimum quantitative requirements on the size of the offer, stabilising actions may also be undertaken after the commencement of trading.

*Law stated - 23 April 2022*

## Costs

### What are the usual costs and fees for conducting an IPO?

An initial listing fee is payable when an issuer is admitted into SGX-ST and when a new class of securities issued by an issuer is listed. The initial listing fee is calculated based on S\$100 per million dollars or part thereof of the market value at admission, and is subject to a minimum fee of S\$100,000 and a maximum fee of S\$200,000. There will also be a fixed non-refundable processing fee of S\$20,000 for a Mainboard listing application.

In respect of the fees and expenses payable for the services of the various professional advisers, including the underwriters to the IPO, the fees charged by such professional parties will vary depending on factors such as the size of the share offer, size of the listing group, as well as the timeline and complexity of the listing exercise.

The MAS first introduced the Grant for Equity Market Singapore (GEMS) scheme in February 2019, which included a listing grant to help issuers defray some listing costs by co-funding part of the eligible expenses so as to encourage qualifying issuers to list on the SGX-ST. On 17 September 2021, the MAS announced that the GEMS scheme would be valid until 31 December 2023 and the scope of support would be expanded by increasing the co-funding of listing expenses for all companies with immediate effect. Companies with market capitalisation of S\$1 billion or more qualify for 70 per cent co-funding of up to S\$2 million, while smaller companies with market capitalisation of less than S\$1 billion qualify for 70 per cent co-funding of up to S\$1 million. The GEMS scheme was also expanded to support listings by special purpose acquisition companies (SPACs), for a one-time claim upon listing but not at the de-SPAC stage.

*Law stated - 23 April 2022*

## CORPORATE GOVERNANCE

### Typical requirements

What corporate governance requirements are typical or required of issuers conducting an IPO and obtaining a stock exchange listing in your jurisdiction?

The corporate governance requirements required of issuers conducting an IPO on the Singapore Exchange Securities Trading Limited (SGX-ST) are typically set out in the Code of Corporate Governance (the Code) and the listing rules. The issuer must establish one or more committees to perform the functions of an audit committee, a nominating committee and a remuneration committee, with written terms of reference which clearly set out the authority and duties of the committees. Each of these committees is required to comprise a majority of independent non-executive directors, and the only committee on which an executive director can be represented is the nominating committee. A director who has no prior experience as a director of an issuer that is listed on the SGX-ST, must undergo training in the roles and responsibilities of a director of a listed issuer.

There are also additional requirements for real estate investment trusts (REITs) and business trusts set out in the Code on Collective Investment Schemes, the Securities and Futures Act 2001 of Singapore (SFA) and the Business Trusts Act 2004 of Singapore (BTA). The SFA and regulations and notices made thereunder stipulate requirements for the composition of the board of a REIT manager, the establishment of an audit committee and the circumstances in which a director of the REIT manager is independent. Correspondingly, the BTA and the regulations made thereunder stipulate requirements for the composition of the board of the trustee-manager, the establishment of an audit committee and the circumstances in which a director of the trustee-manager is independent.

## Code of Corporate Governance and listing rules

The Code applies to listed companies in Singapore on a comply-or-explain basis (except where incorporated into the listing rules) and aims to promote high levels of governance in Singapore by putting forth principles of good corporate governance and provisions with which companies are expected to comply. One of the principles set out in the Code is that the board of directors has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company, and the Code provides that independent directors must make up a majority of the board where the Chairman is not independent, non-executive directors must make up a majority of the board, and that the board and board committees have appropriate diversity to avoid groupthink and foster constructive debate.

The SGX-ST listing rules also require that the board of directors of the issuer have at least two non-executive directors who are independent and free of any material business or financial connection with the issuer. With effect from 1 January 2022, independent directors must make up at least one-third of the board of directors. Further, issuers are required to comply with the principles of the Code and describe in their annual report their corporate governance practices with specific references to the principles and provisions of the Code. Where an issuer's practices deviate from any provisions of the Code, it must explicitly state the provision it has deviated from, explain the reason for this deviation, and explain how the practices it has adopted are consistent with the intent of the relevant principle in its annual report.

*Law stated - 23 April 2022*

## New issuers

Are there special allowances for certain types of new issuers?

Compared to the Mainboard, the Catalist has higher thresholds for acquisitions and disposals that do not require shareholders' approval, as well as allowing a higher threshold for share issuances under a general mandate from shareholders. This is in keeping with the spirit that fast-growing enterprises generally require more flexibility in fundraising and M&A activity.

*Law stated - 23 April 2022*

## Anti-takeover devices

What types of anti-takeover devices are typically implemented by IPO issuers in your jurisdiction? Are there generally applicable rules relevant to takeovers that are relevant?

The Singapore Code on Take-overs and Mergers (the Take-over Code) issued by the Monetary Authority of Singapore (MAS) pursuant to the SFA applies to both takeovers and mergers of corporations with a primary listing of their equity securities in Singapore. The Take-over Code is administered and enforced by the Securities Industry Council whose members mostly comprise representatives from the private sector with some from the public sector.

Under the Take-over Code, a mandatory offer is generally triggered where any person acquires whether by a series of transactions over a period of time or otherwise, shares that (taken together with shares held or acquired by persons acting in concert with him) carry 30 per cent or more of the voting rights of a company, or any person who, together with persons acting in concert with him, holds not less than 30 per cent but not more than 50 per cent of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than one per cent of the voting rights.

While anti-takeover devices such as poison pills are not common in Singapore, many issuers in Singapore have a concentrated shareholding structures with the founders of the business retaining significant control over the company after the IPO as controlling shareholders. This may make it difficult for a change of control event to occur without the founders and controlling shareholders being on board with any takeover attempt.

*Law stated - 23 April 2022*

## FOREIGN ISSUERS

### Special requirements

What are the main considerations for foreign issuers looking to list in your jurisdiction? Are there special requirements for foreign issuer IPOs?

Foreign issuers seeking to list on the Singapore Exchange Securities Trading Limited (SGX-ST) are not required to be domiciled in Singapore or have their business operations based in Singapore.

Foreign issuers seeking a listing in Singapore should consider the access and visibility it can achieve in a dynamic global financial hub that is a key in-road into the ASEAN region; one of the fastest growing regions globally. Singapore also has a stable political and socio-economic landscape and a core base of reputable institutional investors.

A foreign issuer that has a primary listing on the SGX-ST must comply with the listing rules in full. In addition, such foreign issuer will be required to provide a confirmation that an announcement will be made via SGXNET as soon as there is any change in the law of its place of incorporation that may affect or change shareholders' rights or obligations in respect of its securities. If the corporate law provisions applicable to the foreign issuer are significantly different from that in Singapore, such foreign issuer is required to explain the effect of the law in such areas in its prospectus. A key area of focus would be the availability of shareholder protection mechanisms in such jurisdictions.

For secondary listings, a foreign issuer listed on a developed home market need not comply with the listing rules, provided that it undertakes to release all information and documents in English to the SGX-ST at the same time as they are released on the home exchange, inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the home exchange, and comply with other such listing rules as may be applied by the SGX-ST from time to time, whether before or after listing. Where a foreign issuer is not listed on the pre-determined list of developed home markets but has similar safeguards in the listing rules in their home markets, certain exemptions may also be sought, for example, in relation to shareholders' approvals for interested person transactions, or major

acquisitions or disposals.

*Law stated - 23 April 2022*

### **Selling foreign issues to domestic investors**

Where a foreign issuer is conducting an IPO outside your jurisdiction but not conducting a public offering within your jurisdiction, are there exemptions available to permit sales to investors within your jurisdiction?

Yes. Generally, an offer of securities in Singapore is required to be made in or accompanied by a prospectus prepared in accordance with the Securities and Futures Act 2001 of Singapore (SFA), a copy of which has been lodged with and registered by the Monetary Authority of Singapore (MAS), which complies with the requirements prescribed by the MAS.

The SFA nonetheless contains safe harbour provisions that exempt certain offers of securities from the requirement of being accompanied by a prospectus, including offers of securities in Singapore to institutional investors, accredited investors and other prescribed categories of persons, no more than 50 persons within any 12-month period, or personal offers where no more than S\$5 million is raised in any 12-month period. Various conditions and pre-requisites are applicable to each of the exemptions.

*Law stated - 23 April 2022*

## **TAX**

### **Tax issues**

Are there any unique tax issues that are relevant to IPOs in your jurisdiction?

Singapore does not currently impose tax on capital gains or withholding tax on dividends paid to resident or non-resident shareholders.

Stamp duty is also not applicable to electronic transfers of shares through the scripless trading system operated by the Central Depository established by the Singapore Exchange Securities Trading Limited (SGX-ST).

*Law stated - 23 April 2022*

## **INVESTOR CLAIMS**

### **Fora**

In which fora can IPO investors seek redress? Is non-judicial resolution of complaints a possibility?

Enforcement proceedings in respect of IPO rules are generally under the purview of the Monetary Authority of Singapore (MAS) and the Singapore Exchange Regulation Pte Ltd (SGX RegCo), as the relevant regulatory authorities.

The SGX RegCo has also established the Whistleblowing Office as a confidential and dedicated channel for members of the public and investors to report any issues or areas of concern relating to listed companies on the Singapore Exchange Securities Trading Limited (SGX-ST). The Whistleblowing Office will assess all concerns raised independently to ensure that they are fairly and properly considered. It is the primary department for the receipt, assessment and management of all whistleblowing allegations against companies listed on the SGX-ST.

The SGX-ST listing rules expressly provide that issuers should encourage their shareholders to attend, speak and vote

at general meetings in person and that general meetings are important avenues for shareholders to voice their opinion and seek clarifications from the board and management. Investors may also, through informal associations such as the Securities Investors Association (Singapore), seek clarification from issuers on certain issues by asking to meet with the board of directors to relay concerns, requesting for issuers to organise townhalls or to address and publish certain questions raised by investors.

*Law stated - 23 April 2022*

## **Class actions**

### **Are class actions possible in IPO-related claims?**

Representative actions may be brought pursuant to the Rules of Court, made in accordance with the provisions of the Supreme Court of Judicature Act 1969 of Singapore, which provides that where numerous persons have the same interest in any proceedings, the proceedings may be commenced and unless the Court otherwise orders, continued by or against any one or more of them as representing all or as representing all except one or more of them. In determining whether a representative action under the Rules of Court is suitable for an IPO-related claim, the claimants must first satisfy the jurisdictional threshold requirement of possessing the 'same interest' and assuming the first requirement is met, the Court may then exercise its discretion to discontinue the proceedings in question as a representative action where the overall circumstances of the case so justify.

Representative actions of any nature are not common in Singapore.

*Law stated - 23 April 2022*

## **Claims, defendants and remedies**

### **What are the causes of action? Whom can investors sue? And what remedies may investors seek?**

The Securities and Futures Act 2001 of Singapore (SFA) prescribes civil liability for false and misleading statements in relation to an offer of securities. Under the SFA, the persons prescribed under the SFA shall be liable to compensate any person who suffers loss or damage as a result of the false or misleading statement in or omission from the prospectus or the profit statement, even if such persons, unless otherwise specified, were not involved in the making of the false or misleading statement of the omission. Such prescribed persons include, but are not limited to: the person making the offer; (where the person making the offer is an entity) each director or equivalent person of the entity; and an issue manager and underwriter (but not a sub-underwriter) to the issue or sale of securities who has consented to be named in the prospectus.

There are other potential liabilities under the common law, the Misrepresentation Act 1967 of Singapore, the Penal Code 1871 of Singapore and foreign securities laws.

*Law stated - 23 April 2022*

## **UPDATE AND TRENDS**

### **Key developments**

#### **Are there any other current developments or emerging trends that should be noted?**

With effect from 3 September 2021, special purpose acquisition companies (SPACs) are allowed to list on the Mainboard by way of a primary listing and the Mainboard listing rules were amended to implement the SPACs listing framework. In addition to satisfying existing admission criteria for a primary listing on the Mainboard, a SPAC is subject



to the following additional admission criteria under the SPAC listing framework:

- minimum market capitalisation: minimum S\$150 million market capitalisation;
- public float: at least 25 per cent of the total number of issued shares must be held by at least 300 public shareholders at the time of the listing;
- minimum issue price: IPO securities must have a minimum issue price of S\$5 per security;
- suitability assessment factors including:
  - profile of the founding shareholders (including track record and repute);
  - experience and expertise of the management team and nature and extent of their compensation;
  - business objective and strategy of the SPAC;
  - extent and manner of securities participation of the founding shareholders and management team; and
  - alignment of interests between the founding shareholders and management team and other shareholders.

The new listing framework also includes certain requirements to be put in place to ensure that the capital raised is used for the sole purpose of undertaking a business combination, including requirements to hold IPO proceeds in an escrow account, to complete the business combination within the permitted timeframe and to obtain the approval of independent directors and shareholders. The business combination must result in a sizeable and identifiable core business, and the resulting issuer must meet the applicable initial listing requirements under the Mainboard listing rules. Since the implementation of the SPAC framework, three SPACs have listed on the Singapore Exchange Securities Trading Limited (SGX-ST) as of April 2022.

In view of the international advancements in sustainability reporting, as well as the growing importance of board diversity and its association with improved corporate governance, the SGX-ST issued a consultation paper on 26 August 2021 to seek market feedback on its proposal to introduce enhanced disclosure requirements relating to climate and diversity. On 15 December 2021, the Singapore Exchange Regulation Pte Ltd (SGX RegCo) unveiled its roadmap for climate-related disclosures to be made mandatory in issuers' sustainability reports via a phased approach to mandatory climate reporting. All issuers must provide climate reporting on a 'comply or explain' basis in their sustainability reports from the financial year commencing 2022. Climate reporting will subsequently be mandatory for issuers in the financial, agriculture, food and forest products, and energy industries from the financial year commencing 2023, and issuers in the materials and buildings, and transportation industries from the financial year commencing 2024. The SGX RegCo also proposed to step up efforts to enhance board diversity by requiring issuers to have a board diversity policy. The amendments to the listing rules (including the Sustainability Reporting Guide) took effect from 1 January 2022, and the other key changes include requiring:



- issuers to subject sustainability reporting processes to internal review;
- all directors to undergo a one-time training session on sustainability; and
- sustainability reports to be issued together with annual reports unless issuers have conducted external assurance.

Issuers must set a board diversity policy that addresses gender, skill and experience, and other relevant aspects of diversity. Issuers must also describe the board diversity policy and details such as diversity targets, plans, timelines and progress in their annual reports issued from financial year commencing 2022 onwards.

*Law stated - 03 September 2021*



## Jurisdictions

	<b>Australia</b>	Gilbert + Tobin
	<b>Denmark</b>	Mazanti-Andersen
	<b>Greece</b>	Karatzas & Partners Law Firm
	<b>Hong Kong</b>	Simpson Thacher & Bartlett LLP
	<b>Japan</b>	Nishimura & Asahi
	<b>Luxembourg</b>	Arendt & Medernach
	<b>Singapore</b>	Rajah & Tann Asia
	<b>South Africa</b>	Bowmans
	<b>Sweden</b>	Advokatfirman Hammarstiöld
	<b>Switzerland</b>	Niederer Kraft Frey
	<b>Turkey</b>	Turunç
	<b>United Kingdom</b>	Simpson Thacher & Bartlett LLP
	<b>USA</b>	Simpson Thacher & Bartlett LLP