

Capital Markets

When Shareholders Requisition Meetings: What Boards and Requisitionists Should Take Note of

Under the Companies Act 1967 ("**CA**") (for companies incorporated in Singapore) and the SGX-ST Listing Rules, issuers are required to hold a general meeting after the end of each financial year ("**annual general meeting**"). Additionally, issuers may hold general meetings at any other point in a year. Where a shareholder (or shareholders acting together) ("**requisitionists**") wish to draw certain matters to the attention of other shareholders, they may requisition a general meeting to put resolutions before other shareholders.

On 27 April 2023, the Singapore Exchange Regulation ("**SGX RegCo**") issued a Regulator's Column on "What boards and requisitionists should take note of in shareholder-requisitioned meetings". The column elaborates on SGX RegCo's expectations of an issuer's board of directors ("**Board**") and shareholders in shareholder-requisitioned meetings ("**Requisitioned Meetings**") to ensure that the interests of shareholders are protected, setting out:

- (a) How a Requisitioned Meeting may be convened, noting that it may be convened by either the Board or the requisitionists;
- (b) Actions that requisitionists should take to requisition a meeting; and
- (c) Actions that Boards should take upon receiving a requisition

as summarised below.

Convening a Requisitioned Meeting

Please note that the mechanisms relating to Requisitioned Meetings are typically contained in and subject to the relevant laws governing the issuer's constitution or incorporation.

For a Singapore-incorporated company, the validity of Requisitioned Meetings is determined under sections 176 and 177 of the CA, which each set out a method through which a meeting may be requisitioned. Key differences are as follows:

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| | Section 176 | Section 177 |
|---|--|---|
| Minimum number (and minimum shareholding) of requisitionists | One (10%) | Two (10%) |
| Board's involvement | <p>Board to take steps to convene the Requisitioned Meeting</p> <p>Failure to comply with a valid requisition</p> | Shareholders to call the Requisitioned Meeting |
| Timeline | <p>The Board has up to 21 days to convene the Requisitioned Meeting, which must be held as soon as practicable, and within two months after the date of receipt of the requisition.</p> <p>If the meeting is not convened within 21 days after the date of the deposit of the requisition, requisitionists may convene the Requisitioned Meeting, which must be held within three months after the date of the deposit of the requisition.</p> | There is no specific provision that requisitionists need to give any notice to the Board, or exhaust any timeline for the Board to act. |
| Costs | Borne by the issuer. Any reasonable expenses incurred by requisitionists due to the Board's failure to convene the Requisitioned Meeting will be recoverable from the company. | No specific provision that costs will be borne by the issuer |
| Procedural requirements for requisitionists | <p>The requisition must:</p> <ul style="list-style-type: none"> state the objects of the Requisitioned Meeting; be signed by the requisitionists; and be deposited at the issuer's registered office. | Written notice of the Requisitioned Meeting must be served on every shareholder having a right to attend the Requisitioned Meeting, not less than 14 days or such longer period as is provided in the issuer's Constitution for ordinary resolutions. |

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Actions that Requisitionists Should Take

Requisitionists may elect to utilise either section 176 or 177 of the CA to convene a Requisitioned Meeting, and note the following:

- (a) For a Requisitioned Meeting to be convened under section 176 of the CA, requisitionists should:
 - ensure that a valid requisition is submitted to the Board; and
 - be forthcoming in providing the Board with any information they may reasonably require to convene, and table the requisite resolutions at, the Requisitioned Meeting
- (b) For a Requisitioned Meeting to be convened under section 177 of the CA, requisitionists should:
 - ensure that all applicable procedural requirements relating to the convening and conduct of the Requisitioned Meeting are adhered to, including those in the CA, the SGX-ST Listing Rules and the issuer's Constitution. This includes giving proper notice of the Requisitioned Meeting to all shareholders; and
 - (depending on the nature of the proposed resolutions) accompany the notice with additional details on the tabled proposals by way of a circular.

In all cases, requisitionists should not put forth any proposal or material that is clearly frivolous, vexatious or defamatory.

Actions that Boards Should Take Upon Receiving a Requisition

When the Board receives a requisition for a Requisitioned Meeting, the issuer should immediately inform shareholders through SGXNET and provide the Board's response. Shareholders should also be kept updated on subsequent material developments.

Boards should additionally consider taking the following actions:

- (a) seriously and objectively considering the objects of the requisition, including the merits of any proposed resolutions both from the perspective of the issuer and its shareholders as a whole;
- (b) reaching out to the requisitionists to discuss their concerns; and
- (c) seeking to find common ground with the requisitionists. This may include taking on some of the suggestions proposed.

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Additional Key Points

SGX RegCo noted that it expects all parties (Board, requisitionists and their respective professional advisers) to work together towards the successful conduct of the Requisitioned Meeting. It is important that the shareholders have all facts available to them, including the Board's position, to enable them to make informed decisions on the tabled resolutions.

SGX RegCo also emphasised that the Requisitioned Meeting should be conducted expeditiously. A protracted delay would result in uncertainty to shareholders and also unnecessarily detract the issuer's management and Board from the conduct of the issuer's business.

Click on the following link for more information:

- [Regulator's Column: What boards and requisitionists should take note of in shareholder-requisitioned meetings](#) (available on the SGX RegCo website at www.sgx.com)

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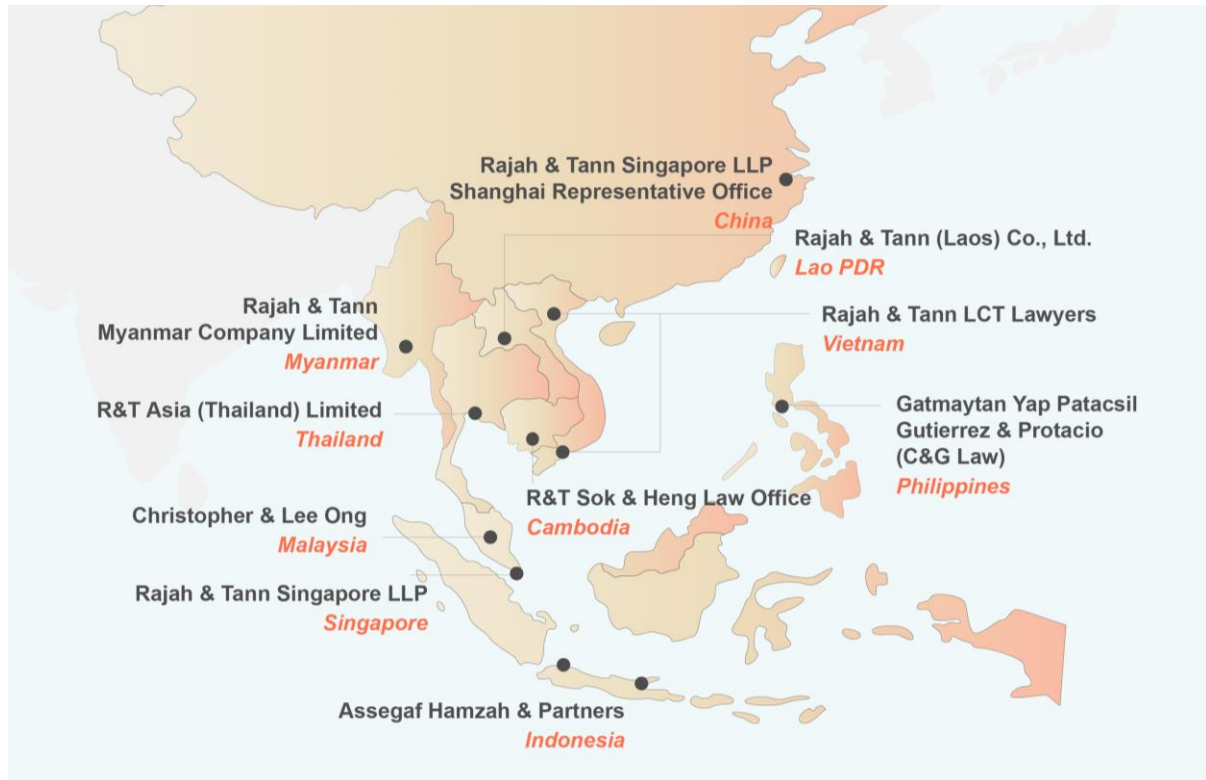
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