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SGX RegCo Issues Guidance Note and New Checklist for Change of Auditors

On 19 June 2024, the Singapore Exchange Regulation ("**SGX RegCo**") issued the "[Guidance Note on Change of Auditors](#)" setting out its approach towards assessing an application by an issuer listed on SGX-ST ("**issuer**") for a change of auditors ("**Application**").

This Update highlights two key points covered under the Guidance Note, namely:

- (a) the requirement that issuers must submit a Change of Auditors Checklist ("**Checklist**"), together with the Application; and
- (b) the minimum information that issuers must disclose in its circular issued to shareholders for them to consider when voting on a change of auditors.

Checklist

The Checklist covers quantitative and qualitative measures of the incoming auditors. Areas covered include staff strength, professional experience and track record of the incoming auditors and the risk profile of the issuer in question.

The issuer must pre-consult with SGX RegCo before submitting the Application if the issuer identifies any potential concerns in relation to the capabilities and track record of the incoming auditors.

For details, please refer to the Change of Auditors Checklist available [here](#).

Issuers must disclose all relevant information for shareholders to vote on change of auditors

SGX RegCo expects issuers to disclose all relevant information relating to its shareholders when seeking their approval on the change of auditors. The Guidance Note lists out the minimum information required, in addition to the requirements in SGX Mainboard Rule 1203(5) / Catalist Rule 712(3). Key disclosures include, among other things:

- (a) specific reasons for the outgoing auditors' discontinuation as auditors of the issuer;
- (b) audit committees' assessment of the incoming auditors considering the Audit Quality Indicators (AQIs) Disclosure Framework;



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- (c) track record of the incoming auditors; and
- (d) plans for the incoming auditors to audit the issuer's significant foreign-incorporated subsidiaries and associated companies.

Practical Comments

Issuers (especially their audit committees who are responsible for making recommendations to the boards on appointment of auditors) should ensure they consider the above considerations at an early stage when considering a change of auditors, and where applicable, factor in additional time for the Application process. For the issuers listed on Catalist, it is expected that their continuing sponsors will also require these issues to be addressed, which will complement their assessment of suitability of the incoming auditors, in line with SGX RegCo's Compliance Guide titled "[Assessing the Suitability and Competence, and Reviewing the Scope of Engagement and Reports and Opinions of Professionals/Consultants and Their Firms](#)".

If you have any queries on the above, whether from the perspective of an issuer or a continuing sponsor, please feel free to contact our team members below who will be happy to assist.

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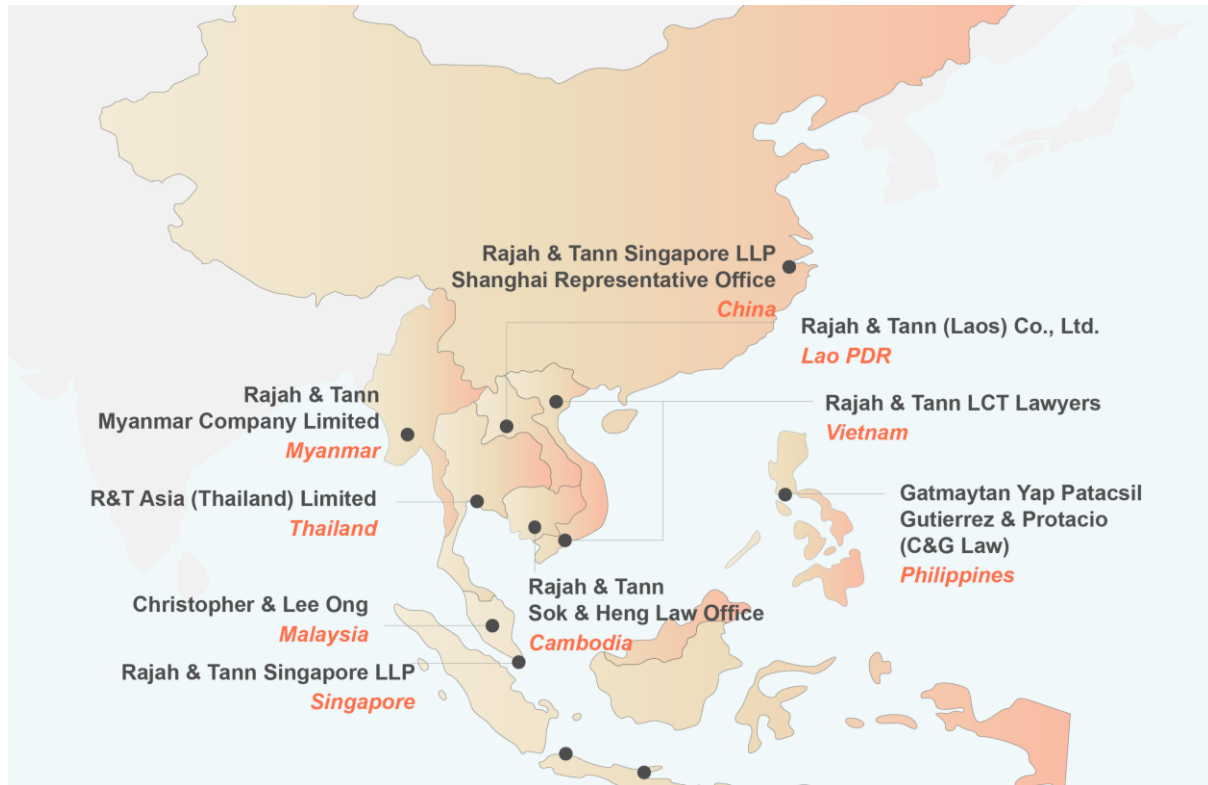
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Client Update: Singapore

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