

## Financial Services Update

### SGX releases new rules for the listing of Global Depository Receipts

#### 1. Introduction

The Singapore Exchange Limited (the “**SGX**”) has announced the offering of its Global Depository Receipts (“**GDR**”) listing facility. The new provisions are found in Part XII of Chapter 2 and Practice Note 2.2 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST Listing Manual**”).

These new provisions will come into effect from 22 June 2006.

#### 2. Listing requirements for GDRs

GDRs representing equity securities of a corporation (the “**Corporation**”) will be admitted to listing on the SGX-ST only if the securities they represent:

- are already listed or will be concurrently listed on a foreign stock exchange (referred to as the “**home exchange**”); and
- must be, or will be, subject to the listing (or other) rules of the home exchange where it has a primary listing.

The underlying equity securities, represented by GDRs, must be freely transferable, validly issued, and free from any liens or encumbrances. The GDRs, to be listed, must be freely transferable, and free from all liens.

#### 3. Targeted investors for GDRs

GDRs are to be offered or traded solely to and by:

- institutional investors,
- accredited investors; or
- such other persons as contemplated under section 274 or 275 of the Securities and Futures Act (the “**SFA**”).

This restriction applies to both primary and secondary markets, and for the avoidance of doubt excludes retail participation even beyond the six months period contemplated under section 276 of the SFA.

#### **4. Requirements for the Depository**

A depository is a party authorised by the Corporation to issue/cancel GDRs representing equity securities of the Corporation in connection with a GDR program (the “**Depository**”).

The Depository must:

- be a reputable institution, duly incorporated according to the relevant laws of its place of incorporation;
- be supervised by a banking or securities regulatory authority, and
- show that it has the relevant expertise and experience in the issue of GDRs.

#### **5. Continuing listing obligations**

Under the new listing rules, the Corporation must undertake to abide by the following continuing listing obligations:

- (1) maintaining the listing of the underlying equity securities on the home exchange and abide by the listing (or other) rules of that exchange;
- (2) releasing all information and documents (in English) to the SGX-ST at the same time as such information is released to the home exchange;
- (3) announcing any notice of substantial shareholders’ interests in the Corporation’s securities or a change in the percentage level of interest or interests of a substantial shareholder in the Corporation when received by the Corporation. The Corporation may follow the rules of its home exchange if the exchange regulates such notifications;
- (4) providing the SGX-ST with the required number of copies and one electronic copy of its published annual report (in English) and all documents annexed thereto as soon as it is issued, pursuant to the rules of the home exchange. If the annual report is not published in English, to provide a translated copy at the same time the annual report is issued;
- (5) seeking prior approval from the SGX-ST of any change of the Depository. The replacement Depository must satisfy the SGX-ST that it has the relevant expertise and experience. A subsequent announcement of such change of the Depository will be required;
- (6) providing the SGX-ST with two copies of any subsequent amended draft memorandum and articles of association or other constituent document to the SGX-ST no later than when it sends the notice convening the meeting to pass the amendment;
- (7) providing the SGX-ST with the contact details of authorised representatives of the Depository and the Corporation to facilitate an effective channel of communication, subject to the following conditions:
  - such representatives being easily contactable during market trading hours;
  - notifying the SGX-ST of any changes to the contact details of the assigned representatives; and
- (8) complying with such other listing rules as may be applied by the SGX-ST from time to time.

## 6. Documents to be submitted in listing application and after approval in-principle

New Practice Note 2.2 of the Listing Manual provides the following guidance on the documents to be submitted in connection to the issue of GDRs:

1. Documents to be submitted as part of the listing application for the issue of GDRs are:
  - (a) the offering memorandum, introductory document or a listing document (“**listing documents**”), whichever is applicable, in connection with an issue of GDRs for which listing is sought;
  - (b) listing documents must contain the information that accredited and institutional investors and their professional advisors would reasonably require taking into account market practice. The listing document must include the following information:
    - (i) audited annual (consolidated) financial statements for the three most recent completed financial years or less where applicable, such as where the corporation exists for less than three years. Audited financial statements may be prepared in accordance to Singapore Financial Reporting Standards (“**SFRS**”), International Financial Reporting Standards (“**IFRS**”), US Generally Accepted Accounting Principles (“**US GAAP**”), or the foreign corporation’s national law and national accounting standards;
    - (ii) any significant developments in the Corporation’s financial position or material information contained in the announcements made to the home exchange since the date of the latest audited financial statements; and
    - (iii) a description of the principal features of the GDRs.
  - (c) confirmation by the Corporation that it accepts responsibility for the information provided in the listing documents, and the listing documents contain the information that accredited and institutional investors and their professional advisors would reasonably require taking into account market practice; and
  - (d) the memorandum and articles of association or other constituent documents, if any (incorporating all amendments made to date).
2. After the Corporation receives approval in-principle from the SGX-ST, the following documents must be submitted before the listing of the securities:
  - (a) the signed listing undertaking in the form set out in Appendix 2.3.1 of the SGX-ST Listing Manual;
  - (b) the signed issue documents, such as the depository agreement (as applicable);
  - (c) the required number of copies of the listing documents; and
  - (d) such other documents (if any) as stipulated in the approval in-principle letter.

## 7. Useful references

To view the new rules for the listing of GDRs issued on 22 June 2006, please [click here](#).

To view the revised Chapter 2 of the SGX-ST Listing Manual, please [click here](#).

To view the SGX press release dated 21 June 2006 in relation to the above development, please [click here](#).

## Further information

If you have any general queries regarding the impact of these developments on your business or require any further information, please do not hesitate to contact:

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