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Amendments to SGX-ST Listing Manual to improve market efficiency and disclosure to take effect on 3 December 2007

On 12 November 2007, the Singapore Exchange Limited (the “**SGX**”) announced that it will be revising the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) on 3 December 2007. The amendments that will be made to the Listing Manual aim to improve market efficiency and promote accountability of listed companies.

The revised Rules that will come into force on 3 December 2007 take into account comments and views gathered from market participants during an earlier public consultation conducted by the SGX in May 2007 on the proposed amendments.

The key changes to the Listing Manual include:

Trading halt

The minimum duration of trading halts for dissemination of material information will be shortened from 60 minutes to 30 minutes to minimise market disruption.

Cash companies

The securities of an issuer which becomes a cash company (a company whose assets consist wholly or substantially of cash or short-dated securities) will normally be suspended until the issuer has a business which is able to satisfy the SGX's requirements for a new listing.

Under the revised Rules, the SGX will be empowered to allow continued trading in the securities of a cash company on a case-by-case basis subject to the following safeguards being undertaken by the company to prevent its cash and assets from being depleted:

- Upon completion of the disposal of its operation and/or assets, 90% of the company's cash and short-dated securities must be placed in an escrow account;
- No drawing down of the amount in the escrow account except for payment of expenses incurred in a reverse takeover approved by shareholders and pro-rata distributions to shareholders; and
- Provision of monthly valuation of its assets and utilisation of cash, and quarterly updates of milestone in obtaining a new business by the company to the market via SGXNET.

The timeline for a cash company to obtain a new business is shortened so that after the initial 12 months from the time it becomes a cash company, the company may be granted a maximum of six months' extension on provision of milestones for investors to evaluate its progress in finding a new business. If the company is unable to meet its milestones, it is required to make a cash exit offer to its shareholders and delist within six months.

Suspension of trading

The Rules in this area will be revised to clarify the SGX's current practice in suspending trading of securities of an issuer that is unable to continue as a going concern or unable to demonstrate to the SGX and its shareholders that it is able to do so. Rule 1303(3)(c) of the Listing Manual will be amended to state that the SGX may suspend trading of securities of an issuer when it is unable to reasonably assess its financial position and inform the market accordingly.

The revised Listing Manual will also provide that where an issuer's public float falls below 10% as a result of a take-over transaction, the SGX will only suspend trading of the securities of the issuer at the close of the take-over offer.

Immediate announcement of employee share options

As a measure to prevent back-dating of options, an issuer will be required to make an announcement of any grant of employee share options together with the details of the grant such as date of the grant, exercise price of options granted, number of options granted to directors, controlling shareholders and their associates, validity period of the options, etc. The announcement must be made on the date of the offer.

Shareholders' approval for change of auditors

A new Rule 712(2) will be introduced in the Listing Manual to require an issuer to obtain specific shareholders' approval in a general meeting for a change in auditors. A draft copy of a notice of meeting containing a resolution relating to the proposed change of auditors must be submitted to the SGX for review and should incorporate the matters prescribed in new Rule 1203(5). Such matters include, *inter alia*, specific reasons for the change of auditors and confirmation from the issuer whether or not it is aware of any circumstances connected with the change of auditors that should be brought to the attention of the shareholders.

REITs and ETFs

It will be clarified in the Listing Manual that an application for the listing of a Real Estate Investment Trust ("**REIT**") is required to comply with Chapters 2 and 4 of the Listing Manual and the continuing listing requirements applicable to equity securities will apply to a REIT with necessary adaptations.

New Rule 404(8) and (9) will be included in the Listing Manual to specify the Rules that are not applicable to REITs and Exchange Traded Funds ("**ETFs**"), respectively.

Alignment with the Companies Act

Various Rules in the Listing Manual will be amended to take into account the recent changes to the Companies Act relating to:

- treasury shares;
- abolition of the concepts of par value and authorised capital; and
- adjustments made to the concepts of paid up capital and issued share capital.

Please [click here](#) to view the complete list of the amendments to be made to the Listing Manual which is posted on the SGX website www.sgx.com

Please [click here](#) for the SGX press release dated 12 November 2007 which discusses these recent amendments which is available on the SGX website www.sgx.com

Please [click here](#) for an article entitled "SGX issues consultation paper on proposed amendments to fine-tune listing rules" featured in May 2007 issue of the Allen & Gledhill Legal Bulletin which covers the earlier SGX consultation paper in May 2007.

Should you have any queries as to how this may affect your business, please do not hesitate to get in touch with your usual contact at Allen & Gledhill LLP or any of the following:

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