

KnowledgeShare Alert

IMPORTANT

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MAS clarifies disclosure requirements for substantial shareholders

Under the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), a substantial shareholder of a listed company would have to notify the company of its substantial shareholding in the company, namely, an interest in 5% or more of the voting shares in the listed company (the “**relevant shares**”) and any changes thereto.

These substantial shareholding notification requirements will be migrated from the Companies Act to the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”) sometime in 2008.

The Monetary Authority of Singapore (the “**MAS**”) has, in its recent response to its consultation on changes to the SFA, clarified that it takes the view that the requirement to notify an interest in the relevant shares (and changes thereto) should **not** be limited to only persons who have the ability to exercise voting rights in respect of the relevant shares.

The view of the MAS is that a person who has authority to acquire or dispose of the relevant shares is deemed to have an interest in those relevant shares notwithstanding that it has no voting rights, or has no control over the voting rights, in respect of those relevant shares.

What this means

Accordingly, a person (such as a licensed or exempt entity engaged in fund management, custodial services or discretionary trading) who does **not** have the ability to exercise voting rights over the relevant shares, but:

- has entered into a contract to purchase such relevant shares, whether as principal or otherwise; and/or
- has the authority to dispose of such relevant shares,

would be deemed to have an interest in such relevant shares and would therefore be obliged to aggregate its interest in such relevant shares and disclose a substantial shareholding in respect of such relevant shares.

MAS’s position under the Companies Act

The MAS has clarified that it takes the view that such interest in the relevant shares also arises under the current substantial shareholding regime under the Companies Act and that a substantial shareholding in the relevant shares arising by virtue of such interest is also discloseable under the Companies Act.

Segregated monitoring and reporting

When the substantial shareholding requirements migrate to the SFA, the MAS is proposing a segregated reporting of interest over the following:

- relevant shares over which a person has **no** voting rights but has disposal rights; and
- relevant shares over which a person has both voting and disposal rights.

Accordingly, fund managers, custodians and discretionary traders may wish to commence monitoring their interests in the relevant shares separately.

Other changes

There are other changes which are proposed to be made to the substantial shareholding regime. These changes will be the subject of a separate Allen & Gledhill Legal Update.

Useful reference

To read more about the MAS's statement on this issue, please [click here](#) to read paragraph 5.2(d) of the "MAS response to feedback received - Policy Consultation on Amendments to the SFA and the FAA" that was issued on 11 October 2007. The MAS response is posted on the MAS website <http://www.mas.gov.sg>

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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