

SGX ADOPTS MEASURES TO FACILITATE SECONDARY FUND RAISING BY LISTED ISSUERS

Yong Yong CHIA (Ms)
Director
Goodwins Law Corporation

Given the current global environment of reduced credit availability, listed issuers seeking equity funding from their shareholders face considerable difficulties.

The Singapore Exchange Limited ("SGX"), in consultation with the Monetary Authority of Singapore ("MAS"), announced on 19 December 2008 that it is taking steps to facilitate secondary fund raising by listed issuers in a timely manner:

1. Shortening of rights issue exposure period

The measures to be introduced are likely to include shortening the notice period for books closure date, reducing the review time by the Exchange, and accepting submission for all rights issue applications prior to announcement. These measures are expected to be announced in January 2009.

2. Allowing sub-underwriting arrangements with major shareholders subject to safeguards

Where a major shareholder receives, without specific shareholder approval, a sub-underwriting fee in a rights issue, the issuer must meet certain conditions including the following:

- (a) The issuer's board provides assurance that the terms of the sub-underwriting arrangement are fair, and are not prejudicial to the issuer and to other shareholders. The board must provide the basis for their opinion;
- (b) The issuer's board confirms that terms agreed between the issuer and the underwriter (including the commission payable to the underwriter and the major shareholder) are on arms' length and normal commercial terms; and
- (c) The underwriter must be a financial institution licensed by MAS to conduct underwriting activities.

The new arrangements will apply until 31 December 2010.