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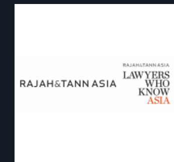
# Country Comparative Guides 2024

## Singapore
## Capital Markets

## Contributor

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This country-specific Q&A provides an overview of capital markets laws and regulations applicable in Singapore.

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# Singapore: Capital Markets

## 1. Please briefly describe the regulatory framework and landscape of both equity and debt capital market in your jurisdiction, including the major regimes, regulators and authorities.

The Monetary Authority of Singapore (**"MAS"**) regulates the securities and futures markets in Singapore. The Securities and Futures Act 2001 of Singapore ("**SFA"**) is the primary legislation governing offers of securities and securities-based derivatives contracts in Singapore along with the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 and the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 (collectively, the **"SFR"**). The SFA and SFR are administered by the MAS.

The Singapore Exchange Securities Trading Limited (the **"SGX-ST**"), a wholly-owned subsidiary of the Singapore Exchange Limited, is presently the only approved securities exchange in Singapore.

The SGX-ST maintains two boards, the Mainboard and the Catalist, and operates them in accordance with the Listing Manual and Catalist Rules respectively (collectively, the **"Listing Rules"**). The Singapore Exchange Regulation Pte. Ltd. (**"SGX RegCo")** monitors and enforces compliance with the Listing Rules.

Shares of companies can be listed on the Mainboard and on the Catalist whereas units in real estate investment trusts (**"REITs**") and business trusts ("**BTs**") and shares/units of an investment fund can only be listed on the Mainboard. Secondary listings are only permitted on the Mainboard.

The Mainboard has quantitative and qualitative thresholds (including minimum operating track record period, minimum profit or market capitalisation) for listing applicants. By contrast, there are no quantitative requirements to be met for Catalist listings.

An offer of securities in Singapore must be accompanied by a prospectus, unless the offer falls under a SFA exemption. A prospectus for an offer of securities must contain all information that investors and their professional advisers would reasonably require to make an informed assessment of the matters specified under the SFA. Prospectuses should also contain the information specified under the SFR, Listing Rules as well as matters prescribed by MAS and SGX RegCo. For REITs, information on the manager, the trustee, the property portfolio and the structure of the collective investment scheme (**"CIS"**) and its objectives, focus and approach must also be disclosed. For BTs, information on the trustee-manager and BT must also be disclosed.

A Mainboard listing application is subject to review and approval by SGX RegCo, whereas for Catalist listings, the appointed full sponsor determines the suitability of a company for listing.

Debt Securities

Debt securities offered in reliance on exemptions from the prospectus registration requirements may be listed on the SGX-ST in a streamlined application process. These debt securities listed may either be newly issued (including tap issuances of existing securities) or existing securities listed by way of an introduction.

## 2. Please briefly describe the common exemptions for securities offerings without prospectus and/or regulatory registration in your market.

The SFA contains provisions exempting certain offers of securities from prospectus requirements, including the following:

a. offers of securities made to institutional investors, accredited investors and other specified investors;
b. offers of securities to no more than 50 persons within any 12-month period;
c. offers made using an offer information statement by a SGX-ST listed issuer;
d. offers made to existing members of an entity whose shares/units are listed for quotation on the SGX-ST; and
e. personal offers where no more than S$5 million is raised in any 12-month period.

Various conditions and prerequisites apply to each of the exemptions.

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## 3. Please describe the insider trading regulations and describe what a public company would generally do to prevent any violation of such regulations.

Insider trading regulations

Subject to certain exceptions, the SFA prohibits officers, substantial shareholders, persons occupying a position reasonably expected to give them access to non-public price-sensitive information and persons possessing such information from dealing (or procuring others to deal) in securities where he possesses such information, and from directly or indirectly communicating non-public price-sensitive information to another person if he knows or ought reasonably to know that the other person may deal (or procure others to deal) in securities.

Further, the Listing Rules provide that:

a. an issuer's officers should not deal in the issuer's securities on short-term considerations; and
b. an issuer and its officers should not deal in the issuer's securities during the period commencing 2 weeks before the announcement of the issuer's financial statements for each of the first 3 quarters of its financial year and 1 month before the announcement of the issuer's full year financial statements (if the issuer announces its quarterly financial statements), or 1 month before the announcement of the issuer's half year and full year financial statements (if the issuer does not announce its quarterly financial statements).

Measures to consider for the prevention of breaches of insider trading prohibitions

The SGX-ST, together with the Association of Banks in Singapore, the Institute of Singapore Chartered Accountants, the Law Society of Singapore and the Singapore Institute of Directors, have published a guide entitled "Handling of Confidential Information and Dealings in Securities: Principles of Best Practice", to assist issuers and their advisers in developing and implementing best practices in handling confidential information and dealings in securities. The guide outlines principles, with objectives to be achieved, including:

a. having in place clear written policies and procedures on the handling of confidential information and restrictions on dealings in securities;
b. putting in place measures to create a strong culture of awareness of the risks of information flow and restrictions on dealings in securities;
c. restricting the dissemination and sharing of confidential information to reduce chances of information leakage, which could reduce market integrity; and
d. instituting "trading windows" limiting the timeframe of dealing in securities.

## 4. What are the key remedies available to shareholders of public companies / debt securities holders in your market?

Generally, shareholders have rights under the laws of the company's country of incorporation and under the company's constitutive documents. Where the company is incorporated in Singapore, shareholders also have rights under the Companies Act 1967 of Singapore (the "**Companies Act**"), the SFA and other legislation, as well as under common law.

A company's constitutive documents (which for SGX-listed companies include certain provisions required by the Listing Rules) would typically set out the right to attend and vote at general meetings. Shareholders of Singapore companies can make an application to court to set aside an act committed in breach of the constitution or restrain an impending breach of the constitution.

Additionally, there are various statutory and non-statutory instruments pertaining to shareholders' rights, including:

a. The Companies Act, under which:

- Minority shareholders and debenture holders of Singapore-incorporated companies can initiate an oppression action in their own names against unfair prejudice by majority shareholders. A statutory derivative action is also available but this ultimately results in remedies benefiting the company.
- Shareholders are empowered to requisition for a general meeting or call a general meeting, if they hold at least 10% of the company's total shares.
- A director of a Singapore public company can be removed by way of an ordinary resolution passed by shareholders, despite anything in the company's constitution or in any agreement between the company and the director.

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b. The SFA and SFR, which set out the obligations of companies seeking to raise financing from the public market.
c. The Listing Rules, which govern the requirements and obligations of SGX-ST listed companies, including matters requiring shareholders' approval and matters which have to be announced and/or disclosed in annual reports.
d. The Singapore Code of Corporate Governance 2018 (the "**CG Code**"), which sets out principles and provisions of good corporate governance for companies listed on the SGX-ST, including shareholders' rights to be treated fairly and have the opportunity to communicate their views on matters affecting the company.
e. The Singapore Code on Take-overs and Mergers (the "**Take-over Code**"), which has the primary objective of achieving fair and equal treatment of all shareholders in a take-over or merger situation.

Shareholders may also, through the Securities Investors Association Singapore ("**SIAS**"), seek clarification from issuers on certain issues. SIAS can ask to meet with the board of directors to relay concerns, request issuers to organise townhalls or to address and publish certain questions raised by shareholders.

SGX RegCo has also established the Whistleblowing Office for members of the public and investors to report on issues and concerns relating to issuers.

Bondholders are also able to rely on contractual remedies within the terms and conditions of the bonds. Typically, where a bonds trustee has been appointed, bondholders holding a specified percentage of the bonds may instruct the trustee to exercise remedies against the issuer when an event of default has occurred. Part 13 of the SFA also sets out the circumstances under which the bonds trustee may apply to MAS for an order to impose restrictions on the activities of the issuer, for the protection of the interest of the bondholders. The bonds trustee may also apply to the court, where directed by MAS or on its own initiative, for an order to, inter alia, convene a bondholders meeting or appoint a receiver.

## 5. Please describe the expected outlook in fund raising activities (equity and debt) in your market in 2024.

While Singapore's economy in 2023 has continued to benefit from the re-opening following COVID-19 lockdowns, the growth in economy has moderated from 3.8% in 2022, to 1.1% in 2023. As highlighted in the Budget Statement that was delivered on 16 February 2024 by Singapore's now Prime Minister Lawrence Wong, a mixed outlook for 2024 was cited, which recognised that while growth in major economies is expected to remain resilient, geopolitical environment tensions particularly in Europe and the Middle East could potentially escalate, leading to disruptions in global energy markets and supply chains. In this connection, it can be observed that the pace of new listings in Singapore bourse therefore still lags behind pre-Covid times and behind some of Singapore's peers in the region, which could be due to a number of reasons including uncertainties surrounding the global macroeconomic and geopolitical environment.

Against this backdrop however, market watchers expect Singapore's initial public offering activity to pick up in 2024 and in line with this sentiment, there has been positive momentum in the capital markets in Singapore during the first few months of 2024, where the stock market has seen the launch of a number of rights issues as well as a handful of completed and proposed listings. Stronger confluence of positive drivers could come together for Singapore equities in 2024, which will see stronger demand for the technology and services sectors of the Singapore economy. Beyond IPOs, Singapore is also highlighted as a prime location for secondary listings, having seen the listings of TSH Resources, a Bursa listed Malaysian palm oil cultivator, and Comba Telecom Systems Holding Limited, a Hong Kong listed global service provider of wireless communications system.

In light of the above, the global forecast for Asian markets, which includes Singapore, remains cautiously optimistic. There has also been regulatory support where the Singapore Government has been encouraging Singapore-incubated companies to list on the local bourse and continues to study proposals to revive the Singapore stock market.

The Singapore debt market continues to be impacted by the high interest rate environment but there appears to be signs of improvement. The number of transactions listed on the SGX-ST in the 12-month period ended 31 March 2024 increased slightly as compared to the prior 12-month period ended 31 March 2023.

## 6. What are the essential requirements for listing a company in the main stock exchange(s) in your market? Please describe the simplified regime (if

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### any) for company seeking a dual-listing in your market.

The requirements under the SFA, SFR and the Listing Rules are generally applicable to all issuers seeking a listing on SGX-ST, including companies, REITs and BTs.

Salient admission requirements under the Listing Rules include:

| Mainboard (For companies, REITs and BTs) | Catalist (For companies only) |
|---|---|
| • Minimum consolidated pre-tax profit of at least S$30 million for the latest financial year and minimum 3 years' operating track record;<br>• Profitable in the latest financial year and minimum 3 years' operating track record with a minimum market capitalisation of S$150 million; or<br>• Operating revenue in the latest financial year with a minimum market capitalisation of S$300 million, although REITs and BTs who have met the S$300 million market capitalisation test but do not have historical financial information may apply under this rule if they can demonstrate that they will generate operating revenue immediately upon listing. . | • No minimum earnings, operational track record, or capitalisation requirements.<br>• Full sponsors determine suitability for listing. |

**Dual Listings**

*Dual Primary Listings*

- Where issuers with a primary listing on a foreign stock exchange seek a primary listing on the SGX-ST.
- Issuers have to fully comply with the listing rules of its home exchange and the SGX-ST.

*Secondary Listings*

- Issuers can seek a secondary listing on the SGX-ST concurrently with, or subsequent to the primary listing on a foreign stock exchange.
- Secondary listings could involve a fund-raising exercise or be a listing by way of an introduction. A listing by way of an introduction is not permitted if the issuer has carried out any fundraising activities in Singapore within 6 months before its listing application. Fundraising activities in Singapore are also not permitted within 3 months after a listing by introduction.

### 7. Are weighted voting rights in listed companies allowed in your market? What special rights are allowed to be reserved (if any) to certain shareholders after a company goes public?

SGX has introduced rules that make possible the listing of companies with a dual class share structure (which will be the exception). A SPAC however is not permitted to adopt a dual class share structure at IPO.

The listing framework for dual class shares sets out safeguards, including that:

- each multiple voting share shall not carry more than 10 votes per share;
- there must be automatic conversion provisions providing that a multiple voting share will be converted into an ordinary voting share on a one-for-one basis when: (i) the multiple voting share is sold or transferred to any person, and in the case of a permitted holder group (i.e. a group of persons permitted to hold multiple voting shares), other than to persons in the permitted holder group; or (ii) a director appointed for the permitted holder group ("**responsible director**") ceases service as a director, and in the case of a permitted holder group, other than where a new responsible director is appointed; and
- holders of ordinary voting shares holding at least 10% of the total voting rights on a one-share-one-vote basis must be able to convene a general meeting.

Save for these, there should generally not be any special rights reserved to certain shareholders after listing.

### 8. Is listing of SPAC allowed in your market? If so, please briefly describe the relevant regulations for SPAC listing.

SPACs can be listed on the Mainboard only by way of a primary listing.

Relevant regulations for a SPAC listing and features of SPACs include:

- Minimum market capitalisation of S$150 million;
- In assessing the suitability of a SPAC for listing, factors including the founding shareholders' track record and repute, and the management team's experience and expertise will be considered;


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- The founding shareholders and management team must, depending on the market capitalisation, subscribe to at least 2.5% to 3.5% of the IPO shares;
- Warrants issued to shareholders are detachable. The maximum percentage dilution to shareholders arising from conversion of warrants issued at IPO is capped at 50% of the SPAC's post-invitation issued share capital;
- Independent shareholders (other than the founding shareholders, the management team, and their respective associates) are entitled to redeem their ordinary shares; and
- De-SPAC must take place within 24 months of IPO with an extension of up to 12 months, subject to fulfilling prescribed conditions.

## 9. Please describe the potential prospectus liabilities in your market.

Criminal and civil liability under the SFA

- Criminal and civil liability are imposed on specified persons for a false or misleading statement in the prospectus, or where there is an omission to state any information required to be included.
- Generally, criminal and civil liability are also imposed on the making of a statement or disseminating information that is false or misleading, to inter alia, induce other persons to subscribe for securities or securities-based derivatives contracts, and the employment of any device or scheme to defraud.

Other potential liabilities

Liability could also potentially arise under the following:

- Misrepresentation Act 1967;
- Penal Code 1871 for fraudulent behaviour;
- tortious liability for negligent misstatements; and
- foreign securities laws.

## 10. Please describe the key minority shareholder protection mechanisms in your market.

Please refer to the response in question 4 above.

## 11. What are the common types of transactions involving public companies that would require regulatory scrutiny and/or disclosure?

Certain specified transactions requiring disclosures to be made on SGXNET, shareholders' approval and/or regulatory approvals are set out below.

Transactions requiring disclosure

Chapter 7 of the Listing Rules requires issuers to announce any information known to it concerning itself, its subsidiaries or associated companies, which is necessary to avoid the establishment of a false market in its securities or is likely to materially affect the price or value of its securities, as well as certain corporate actions.

Transactions requiring the SGX-ST's approval

Under the Listing Rules, such transactions include:

a. very substantial acquisitions or reverse take-overs; and
b. corporate actions involving the submission of an additional listing application (e.g. the placement of shares, adoption of a share scheme, issuance of consideration shares in connection with a significant transaction etc.).

Corporate actions requiring shareholders' approval entail the issuance of a circular to shareholders, and Mainboard issuers must submit the draft circular for SGX RegCo's review. See the responses to questions 12 and 14 for further information.

The Take-over Code also imposes rules that apply to corporations with a primary listing of their equity securities, BTs with a primary listing of their units in Singapore and REITs, in respect of a take-over or merger situation.

## 12. Please describe the scope of related parties and introduce any special regulatory approval and disclosure mechanism in place for related parties' transactions.

The Listing Rules regulate interested person transactions ("**IPTs**"), being transactions between an "entity at risk" and an "interested person". An "entity at risk" refers to the issuer, a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange or the issuer's associated company that is not listed on the SGX-ST or an approved exchange. An "interested person" refers to a director, chief executive officer ("**CEO**"), or the controlling shareholder of the company, REIT manager ("**REIT**

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**Manager**") or trustee-manager of the BT, and in the case of REITs, includes the REIT Manager, trustee or controlling unitholder of the REIT, or an associate of any of the foregoing and for BTs, includes the trustee-manager or controlling unitholder of the BT, or an associate of any of the foregoing.

Immediate announcement of the IPT is required where its value amounts to 3% or more of the group's latest audited net tangible assets ("**NTA**"). If the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group's latest audited NTA, an immediate announcement must be made of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Shareholders' / unitholders' approval is required for an IPT which (itself or when aggregated with other transactions) was entered into with the same interested person during the same financial year amounts to 5% or more of the group's latest NTA.

IPTs below S$100,000 in value are not subject to announcement or shareholder/unitholder approval requirements, unless when aggregated with transactions entered into with the same interested person during the same financial year, exceed the 3% or 5% thresholds described above.

## 13. What are the key continuing obligations of a substantial shareholder and controlling shareholder of a listed company?

The SFA requires a substantial shareholder (i.e. one who has an interest(s) in voting share(s) and whose total votes attached to those share(s) is at least 5% of the total votes attached to all the voting shares) to notify the company in writing of his becoming, and ceasing to be, a substantial shareholder, and any changes in the percentage level of his interest(s) in the company's securities. For a substantial shareholder who is also a director or CEO, he would have to submit the notification in respect of any interest or changes in interest in the company's securities. This applies to controlling shareholders (i.e. person who holds directly or indirectly 15% or more of the total voting rights in the company or who in fact exercises control over a company) as well.

In connection with a listing, controlling shareholders will give contractual undertakings to observe a moratorium on the transfer of their interests in the issuer's securities, which apply for a prescribed period after listing.

Controlling shareholders also need to be cognisant of the requirements governing IPTs under the Listing Rules as they fall within the ambit of "interested persons".

Loan agreements entered into by issuers may also impose requirements for controlling shareholders to maintain their controlling interest in the issuer. Where there is such a requirement, the breach of which will result in an event of default which would significantly affect the issuer's operations or cashflow, the controlling shareholder would have to provide an undertaking to notify the issuer, as soon as it becomes aware of any share pledging arrangements relating to these shares, and of any event of default.

## 14. What corporate actions or transactions require shareholders' approval?

Shareholders' approval is required for corporate actions, including a change in the share capital (e.g. via the issuance of new securities and share buy-backs), diversification of business, adoption or amendment to a share scheme, amendment to the constitution, change in auditors, voluntary delisting, major transactions, very substantial acquisitions and reverse takeovers, and IPTs exceeding prescribed thresholds.

## 15. Under what circumstances a mandatory tender offer would be triggered? Is there any exemption commonly relied upon?

Under the Take-over Code, a general offer is triggered where:

a. any person acquires shares that (taken together with shares held by his concert parties) carry 30% or more of the voting rights of a company; or
b. any person who, together with his concert parties, holds not less than 30% but not more than 50% of the voting rights and such person, or his concert party, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights.

The main exemptions to the mandatory general offer obligation include the following:

i. where a stake of more than 30% is acquired as a result of acceptances under a voluntary general offer;
ii. where stake in the target company is acquired indirectly through obtaining control over an

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intermediate holding company that holds a controlling interest in the target company, and the target company does not contribute significantly to the assets, market capitalisation, sales or earnings of the intermediate holding company;

iii. where stake is acquired in the context of a pro rata distribution of voting shares in a downstream company to the upstream company's shareholders, provided that approval from the target company's independent shareholders is obtained in compliance with the whitewash procedure under the Take-over Code;
iv. where stake is acquired by one member of a concert party group from another member, provided that, amongst others, the leader or the member of the concert party group with the largest individual shareholding does not change, the balance between the shareholdings in the group has not changed significantly and the price paid for the shares is not at a significant premium; and
v. where stake is acquired pursuant to the subscription or issuance of new shares, including shares issued pursuant to convertible instruments, and approval from the target company's independent shareholders is obtained in compliance with the whitewash procedure under the Take-over Code.

The SIC should nonetheless be consulted in the above cases.

## 16. Are public companies required to engage any independent directors? What are the specific requirements for a director to be considered as "independent"?

SGX-ST listed public companies are required to engage independent directors.

*Board Composition*

The Listing Rules require independent directors to make up at least one-third of the board. Where the Chairman of the board is not independent, independent directors have to make up a majority of the board.

Additionally, for REITs, the Securities and Futures (Licensing and Conduct of Business) Regulations provide that the number of independent directors must be at least half of all directors, where unitholders do not have the right to vote on the appointment of directors to the board of the REIT Manager and at least one-third of the total number of directors, where unitholders have the right to vote on the appointment of directors to the REIT Manager's board.

For BTs, the Business Trusts Regulations require at least a majority of directors to be independent from management and business relationships with the trustee-manager, with at least one-third of the directors independent from management and business relationships with the trustee-manager and from every substantial shareholder of the trustee-manager and at least a majority of the directors being independent from any single substantial shareholder of the trustee-manager.

*What constitutes an "independent" director?*

An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment in the best interests of the company.

A director will not be independent where:

a. he is employed or has been employed by the issuer or any of its related corporations in the current or any of the past 3 financial years;
b. he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations in the current or any of the past 3 financial years, and whose remuneration is or was determined by the issuer's remuneration committee; or
c. he has been a director of the issuer for an aggregate period of more than 9 years (whether before or after listing).

Directors should be deemed non-independent in the following circumstances:

i. where he or his immediate family member, in the current or immediate past financial year, provided to or received from the company or its subsidiaries any significant payments or material services;
ii. where he or his immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in, or an executive officer or a director of, any organisation which provided to or received from the company or its subsidiaries any

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significant payments or material services; or
iii. he is or has been directly associated with a substantial shareholder of the company, in the current or immediate past financial year.

For REITs, a director of a REIT Manager is considered to be independent if he

i. does not have a management relationship with the REIT Manager, its related corporations and the trustee of the REIT that is managed or operated by the REIT Manager (the "Relevant Persons");
ii. is independent from any business relationship with Relevant Persons and their officers; and
iii. is independent from every substantial shareholder of the REIT Manager and every substantial unitholder that is managed or operated by the REIT Manager.

For BTs, a director of the trustee-manager is considered to be independent from management and business relationships with the trustee-manager if the director has no management relationships with the trustee-manager or with any of its subsidiaries and the director has no business relationships with the trustee-manager or with any of its related corporations, or with any officer of the trustee-manager or its related corporations, that could interfere with the director's exercise of independent judgment with regard to all unitholders' and the BT's interests as a whole.

## 17. What financial statements are required for a public equity offering? When do financial statements go stale? Under what accounting standards do the financial statements have to be prepared?

**Full year financials**

The audited financial statements of the issuer and its subsidiaries for the 3 most recently completed financial years have to be included in the prospectus / offer document.

Where the prospectus / offer document lodgement date is less than 3 months after the end of the most recently completed financial year end, the annual financial statements for the most recently completed financial year need not be provided, and the reference to the 3 most recently completed financial years is instead to the 3 completed financial years immediately preceding the most recently completed financial year.

**Interim financials**

Additionally, in the case of financials "going stale", interim financial statements will have to be prepared:

a. where the date of lodgement is more than 6 months but not more than 9 months after the end of the most recently completed financial year, the interim financial statements to be provided must cover at least the first 3 months of the current financial year;
b. where the date of lodgement is more than 9 months but not more than 12 months after the end of the most recently completed financial year, the interim financial statements to be provided must cover at least the first 6 months of the current financial year; and
c. where the date of lodgement is more than 12 months but not more than 15 months after the end of the most recently completed financial year, the interim financial statements to be provided must cover at least the first 9 months of the current financial year.

**Accounting standards**

i. Primary listings: financial statements must be prepared in accordance with the Singapore Financial Reporting Standards (International) (the "SFRS(I)s"), the International Financial Reporting Standards (the "IFRS") or the US Generally Accepted Accounting Principles (the "US GAAP").
ii. Secondary listings: financial statements need only be reconciled with SFRS(I)s, IFRS or US GAAP.

**Issuers without a track record**

Issuers without an operating period of at least 3 years, e.g. REITs and BTs that satisfy the S$300 million market capitalisation test but do not have historical financial information, must demonstrate that they will generate operating revenue immediately upon listing. As such, the prospectus will instead set out the independent accountants' report on the profit forecast and profit projection.

## 18. Please describe the key environmental, social, and governance (ESG) and sustainability requirements in your market. What are they key recent changes or potential changes?

The Listing Rules require every issuer to prepare a


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sustainability report for every financial year, which must describe the issuer's sustainability practices, referencing the following primary components:

a. **Material ESG factors**. Identify the material ESG factors affecting performance and prospects.
b. **Climate-related disclosures**. Include disclosures related to climate risks and opportunities.
c. **Policies, practices and performance**. Set out the policies, practices and performance in relation to the material ESG factors identified.
d. **Targets**. Set out the targets for the forthcoming year in relation to each material ESG factor.
e. **Sustainability reporting framework**. Select a sustainability reporting framework(s) to guide its reporting and disclosure.
f. **Board statement and associated governance structure for sustainability practices**. Contain a statement of the board that it has considered sustainability issues in the business and strategy, determined the material ESG factors and overseen the management of material ESG factors.

The sustainability report must include all the above primary components on a "comply or explain" basis, save for climate-related disclosures, which are mandatory for inclusion in sustainability reports for issuers in specific industries on a phased approach.

## 19. What are the typical offering structures for issuing debt securities in your jurisdiction? Does the holding company issue debt securities directly or indirectly (by setting up a SPV)? What are the main purposes for issuing debt securities indirectly?

There is no predominant structure. Issuers may issue bonds directly or through a SPV. When issued through a SPV, the bonds typically will be guaranteed by the holding company. A SPV is typically used to isolate financial risk or achieve bankruptcy remoteness to enhance the security's rating, particularly in the context of an asset backed transaction.

## 20. Are trust structures adopted for issuing debt securities in your jurisdiction? What are the typical trustee's duties and obligations under the trust structure after the offering?

Trust structures are commonly used. A trustee is generally required to act in the interest of the security holders under trust law, including in the exercise of its powers and discretion the trust deed. Most trust deeds will include exclusions of a trustee's duties and liabilities, such as monitoring the occurrence of events of default. The SFA also prescribes a trustee's duties, such as at all times exercising due diligence and vigilance in carrying out its functions and duties, and in safeguarding the interest of security holders.

## 21. What are the typical credit enhancement measure (guarantee, letter of credit or keep-well deed) for issuing debt securities? Please describe the factors when considering which credit enhancement structure to adopt.

Credit enhancements are not common in Singapore, but if employed, they typically involve guarantees from entities with stronger credit ratings. For example, Singapore issuers or foreign issuers may apply for the Credit Guarantee and Investment Facility ("**CGIF**") to guarantee its debt securities. CGIF is a component of the Asian Bonds Markets Initiative (ABMI) of ASEAN +3 and provides credit guarantees for local currency denominated bonds issued by companies in ASEAN +3 countries.

Debt securities issued by Chinese issuers and listed on the SGX-ST may involve the use of keep-well deeds and letters of comfort, especially where the ultimate parent company may not be able to guarantee the securities for regulatory or other considerations.

## 22. What are the typical restrictive covenants in the debt securities' terms and conditions, if any, and the purposes of such restrictive covenants? What are the future development trends of such restrictive covenants in your jurisdiction?

Typical restrictive covenants in Singapore bonds documentation include the negative pledge, which assures holders that their securities would be similarly secured with future secured debt securities, if any.

In addition to the covenants disclosed in the terms and conditions used in marketing the securities, the trust deed typically also contains other covenants, such as restriction(s) on:

a. a change in domicile / tax residency;
b. dividends while any of the bonds has become

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due and payable but have not been paid off;

c. disposals;
d. change of business;
e. mergers / re-organisations;
f. amendments to the constitution relating to borrowing / guaranteeing powers; and
g. material adverse change, including as a result of events outside the issuer's control.

Such restrictive covenants are intended to prevent a deterioration of the credit of the issuer and its ability to repay the principal and interest of the bonds, or to allow the security holders to take action early in such an event. These restrictions are likely to remain as they are found in many existing debt issuance programmes, the common means through which Singapore companies issue debt.

### 23. In general, who is responsible for any profit/income/withholding taxes related to the payment of debt securities' interests in your jurisdiction?

If withholding tax is required by law, typically, the issuer will bear such withholding tax and pay such additional amounts as will result in the receipt by the bondholders as if no such deduction or withholding is required.

As such, issuers are incentivised to avail themselves to the qualifying debt securities scheme in Singapore. If the bonds satisfy the eligible criteria as qualifying debt securities, the interest, discount income (not including discount income arising from secondary trading), early redemption fee or redemption premium derived by bondholders from the bonds will not be subject to withholding tax.

### 24. What are the main listing requirements for listing debt securities in your jurisdiction? What are the continuing obligations of the issuer after the listing?

Almost all debt securities listed on the SGX-ST are not sold to the retail public. Most issuers rely upon the listing eligibility provided by Listing Rule 304(2), i.e. the issue of the debt securities that are at least 80% subscribed by specified investors. Specified investors means institutional investors, accredited investors and other persons specified under Sections 274 or 275 of the SFA.

The continuing listing obligations of issuers relying on the wholesale listing eligibility described above are not onerous, as set out below:

a. a debt issuer must immediately disclose to the SGX-ST via SGXNET any information which may have a material effect on the price or value of its debt securities or on an investor's decision whether to trade in such debt securities;
b. a debt issuer must immediately announce the following:
    i. the redemption or cancellation of the debt securities, when every 5% of the total principal amount of those securities (calculated based on the principal amount at the time of initial listing) is redeemed or cancelled; and
    ii. any appointment of a replacement trustee.

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