

# SGX RegCo 2020 Regulatory Updates

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Regulation (SGX Regco)*

# SGX REGCO LISTING COMPLIANCE AGENDA



## Nine-Year Threshold for IDs

- Comparison between December 2018 and 2019
- Scenario Analysis

## Disclosure-Based Regime

- Quarterly Reporting
- Announcement Matters
- SIAS Investor Education Fund

## Valuation Matters

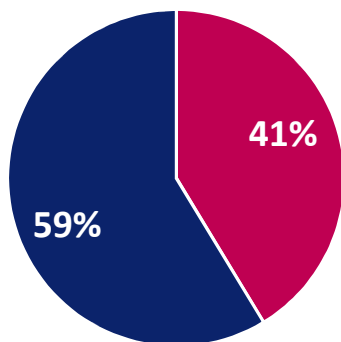
- Valuation Case Studies

# Nine Year Threshold for IDs (“9-Year Rule”)



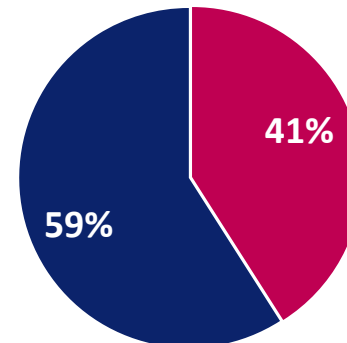
Independent directors are subject to a two-tier vote effective 1 January 2022 or might become a non-independent director. [LR 210(5)(d)]

**31 December 2018**  
**Composition of listed issuers**  
**with IDs serving > 9 years**



- 1 or more ID > 9yrs
- Issuers compliant with 9-year rule

**31 December 2019**  
**Composition of listed issuers**  
**with IDs serving > 9 years**



- 1 or more ID > 9yrs
- Issuers compliant with 9-year rule

# 9-Year Rule: Scenario Analysis

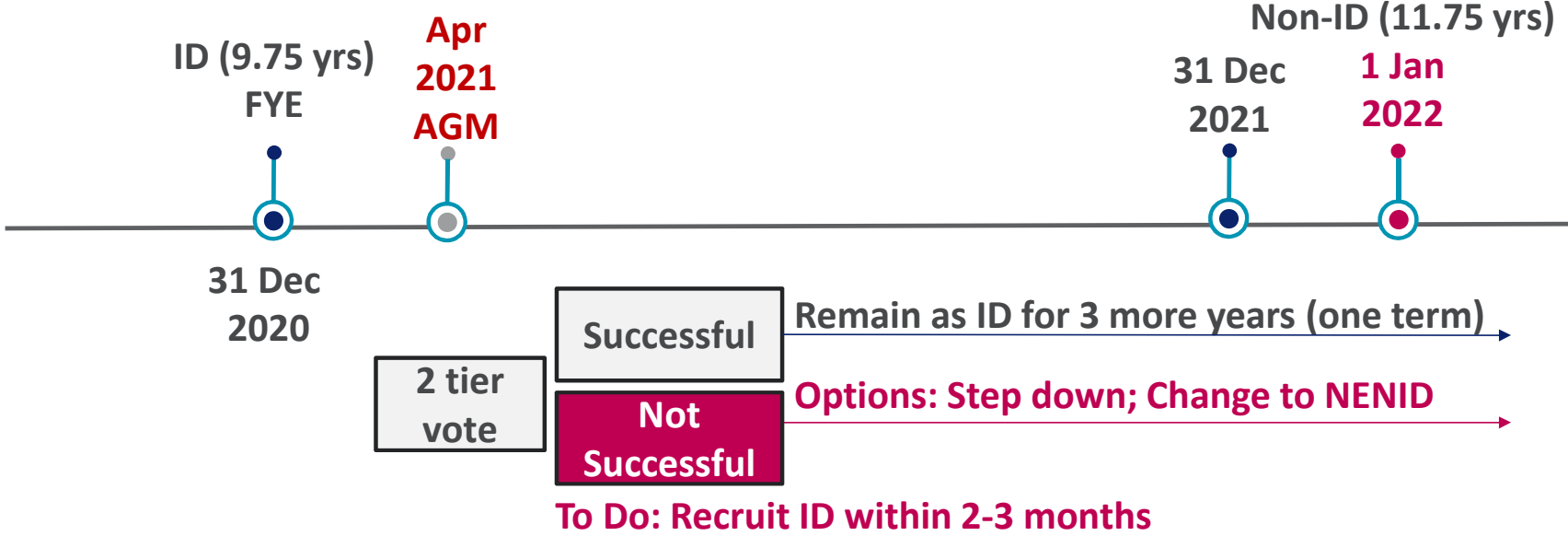


## Key Assumptions

- Financial Year end of 31 December
- AGM held in mid-April

Adapted from KPMG slides

# 9-Year Rule: Scenario Analysis #1

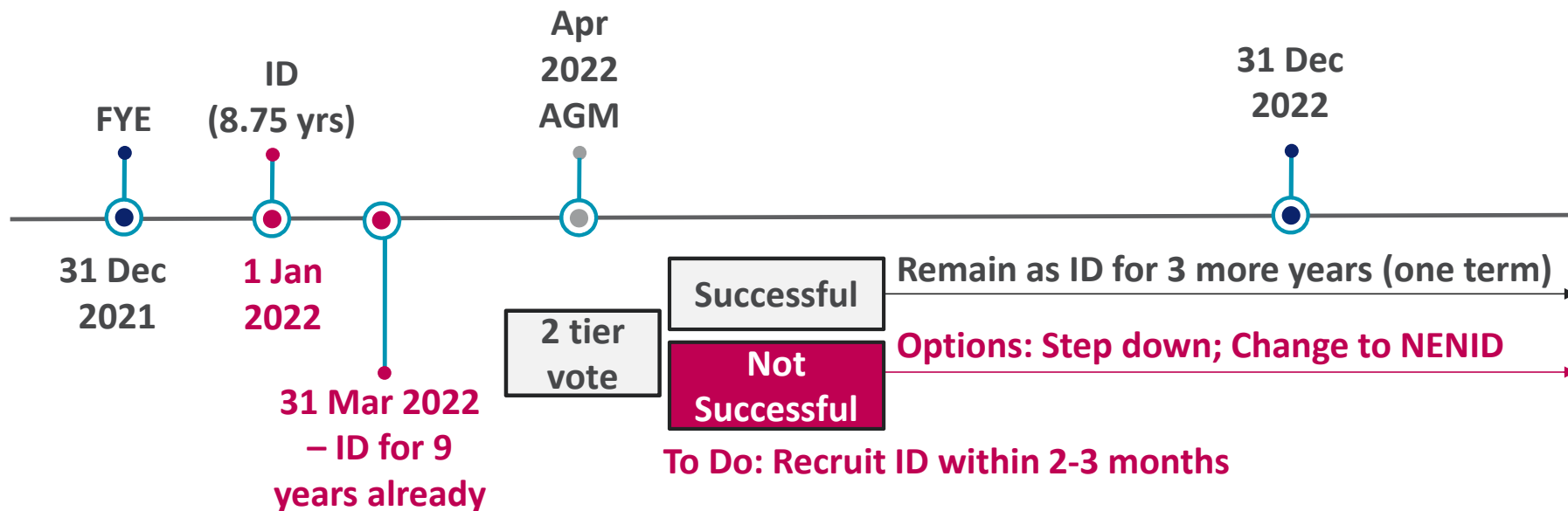


## Comments

Director could step down, change to a NENID or seek 2-tier shareholder vote in advance of 1 January 2022 to remain on the Board as an ID.

Adapted from KPMG slides

# 9-Year Rule: Scenario Analysis #2



## Comments

1 Jan 2022: No action needed; could seek 2 tier vote in FY2021 AGM.

FY2022 AGM: Step down, change to NENID OR seek 2 tier vote at AGM to remain as ID.

Adapted from KPMG slides

# 9-Year Rule: Key Points



Present	Effective 1 January 2022
Comply or explain if one-third of issuer's board does not comprise of independent directors.	Independent directors <u>must comprise at least one-third</u> of the issuer's board.

# SGX REGCO LISTING COMPLIANCE AGENDA



## Disclosure-Based Regime

- Quarterly Reporting
- Announcement Matters
- SIAS Investor Education Fund



# Quarterly Reporting

## No Quarterly Reporting



# Quarterly Reporting



**Notice of Compliance**  
to do QR!

**FINANCIAL STATEMENTS**

... as required  
by SGX per  
Appendix 7.2

- Disclaimer of opinion**
- Qualified opinion**
- Breach of Listing Rules**
- Audit matters which affect the veracity of financial statements**

**AUDITOR**



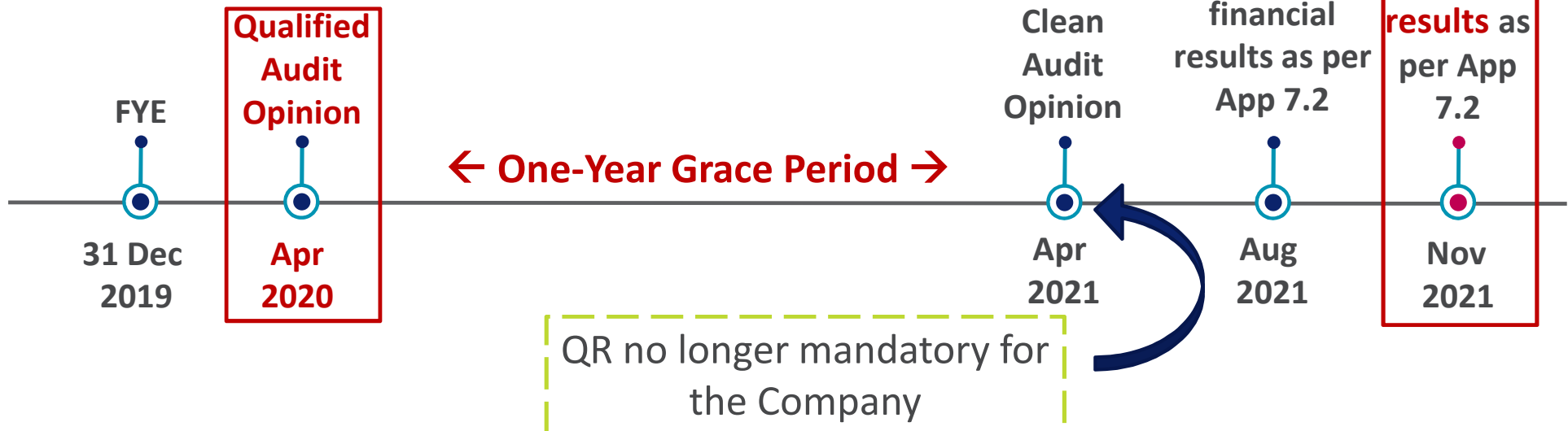
# Quarterly Reporting



Which companies need to do QR?

- Modified audit opinion
- Material uncertainty relating to going concern
- SGX has regulatory concerns

Example: Audit Opinion Released in April



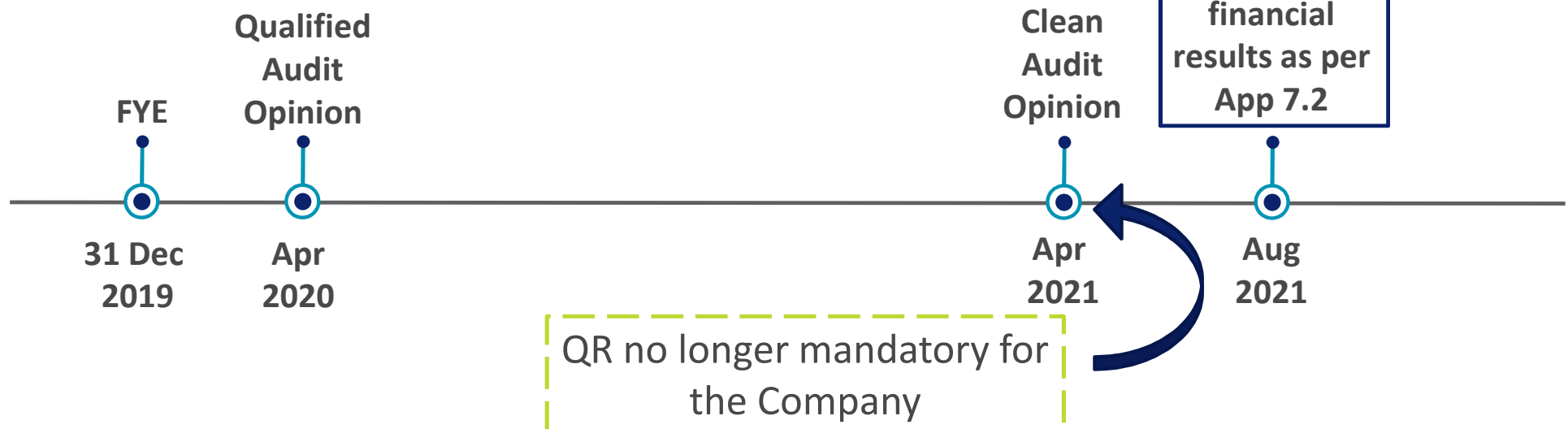
# Quarterly Reporting



Which companies need to do QR?

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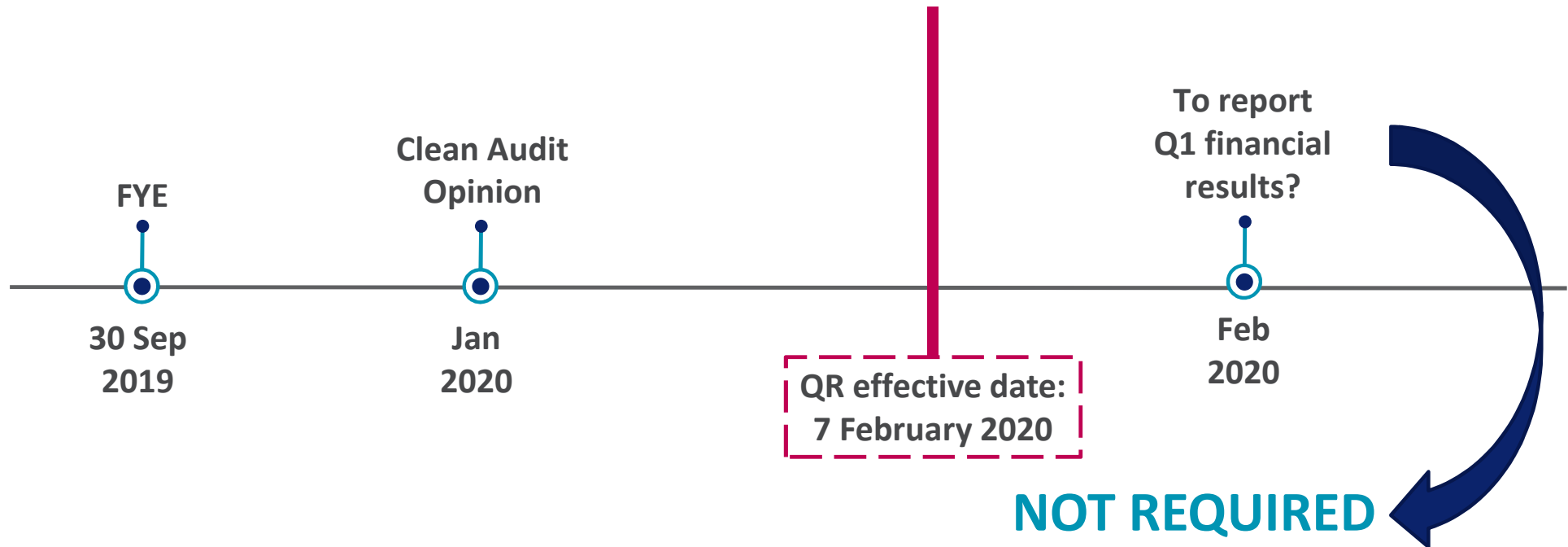
Example: Audit Opinion Released in April



# Quarterly Reporting



FYE September companies: Q1 (Oct-Dec) reporting due on 14 February



# Quarterly Reporting



Companies which receive modified opinions to provide, in each of their quarterly reports,

(a) updates on their efforts to resolve each audit issue; and

(b) a confirmation from the Board that the impact of the audit issues on the financial statements have been adequately disclosed.

## QR Announcement Requirements:

1

Financial Statements for  
the quarter ended  
DD MMM 2020

2

Update on efforts

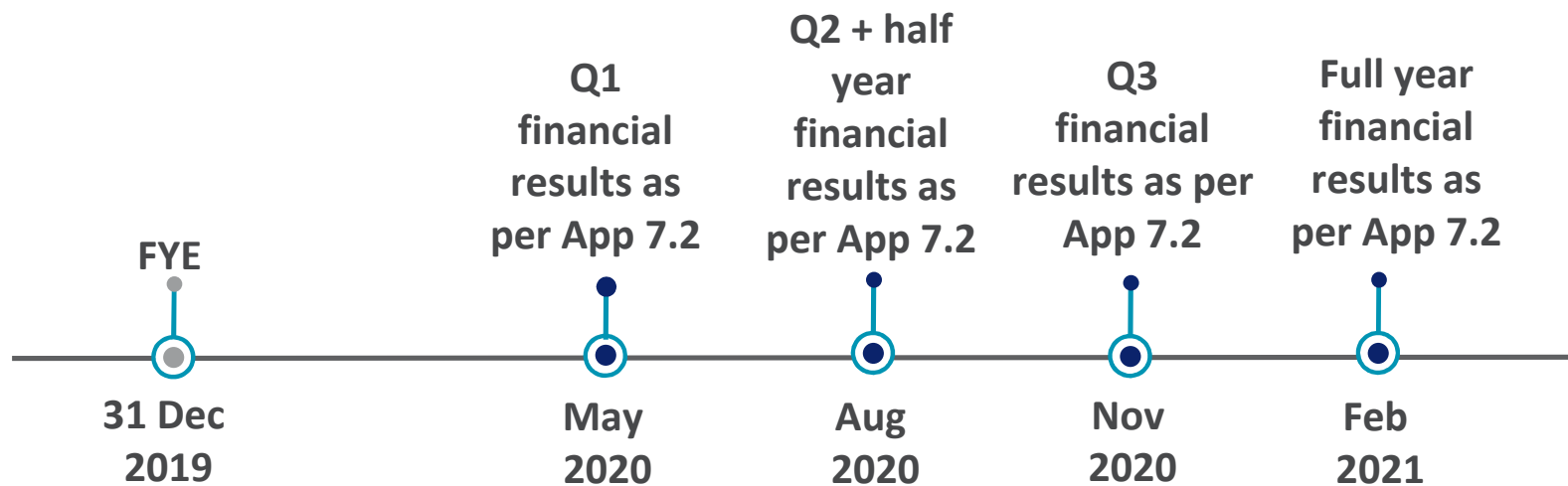
3

Board confirmation

# Voluntary Quarterly Reporting



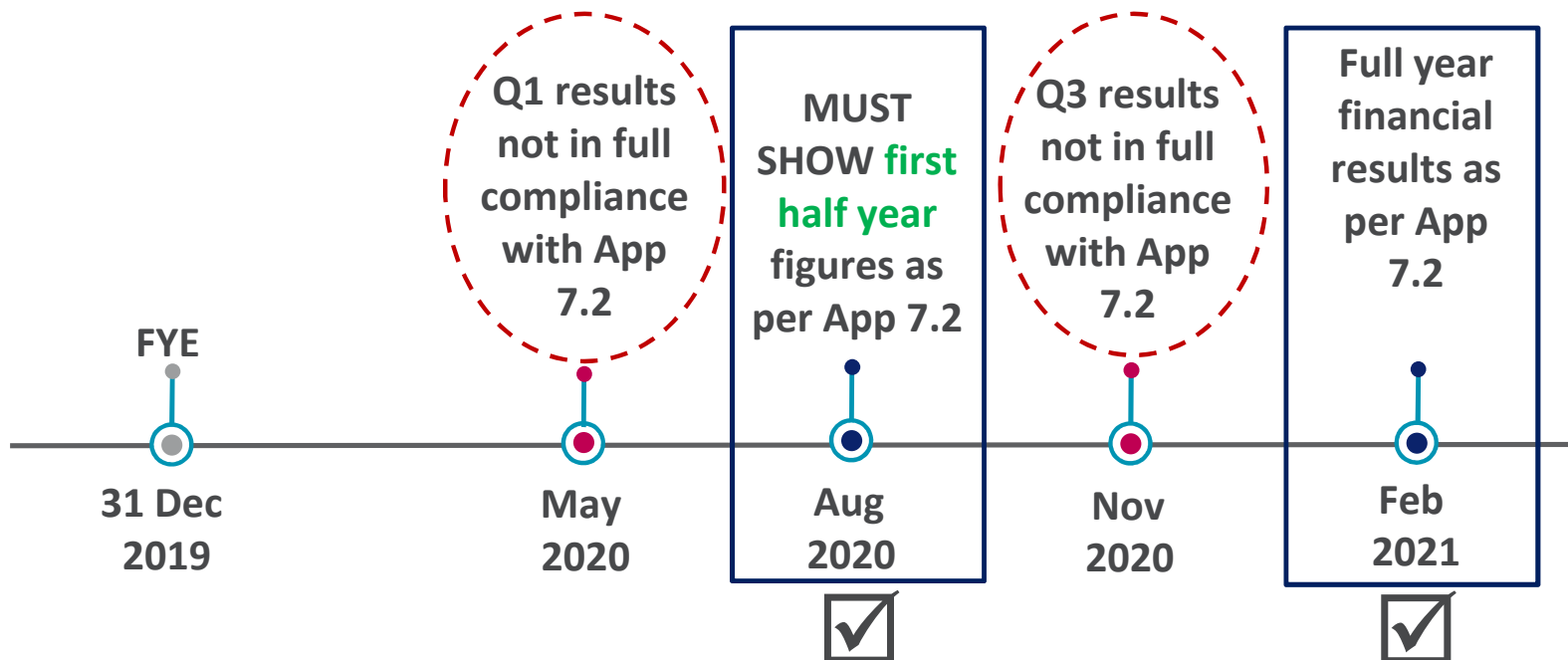
Scenario #1: Issuer follows Appendix 7.2 for ALL quarters



# Voluntary Quarterly Reporting

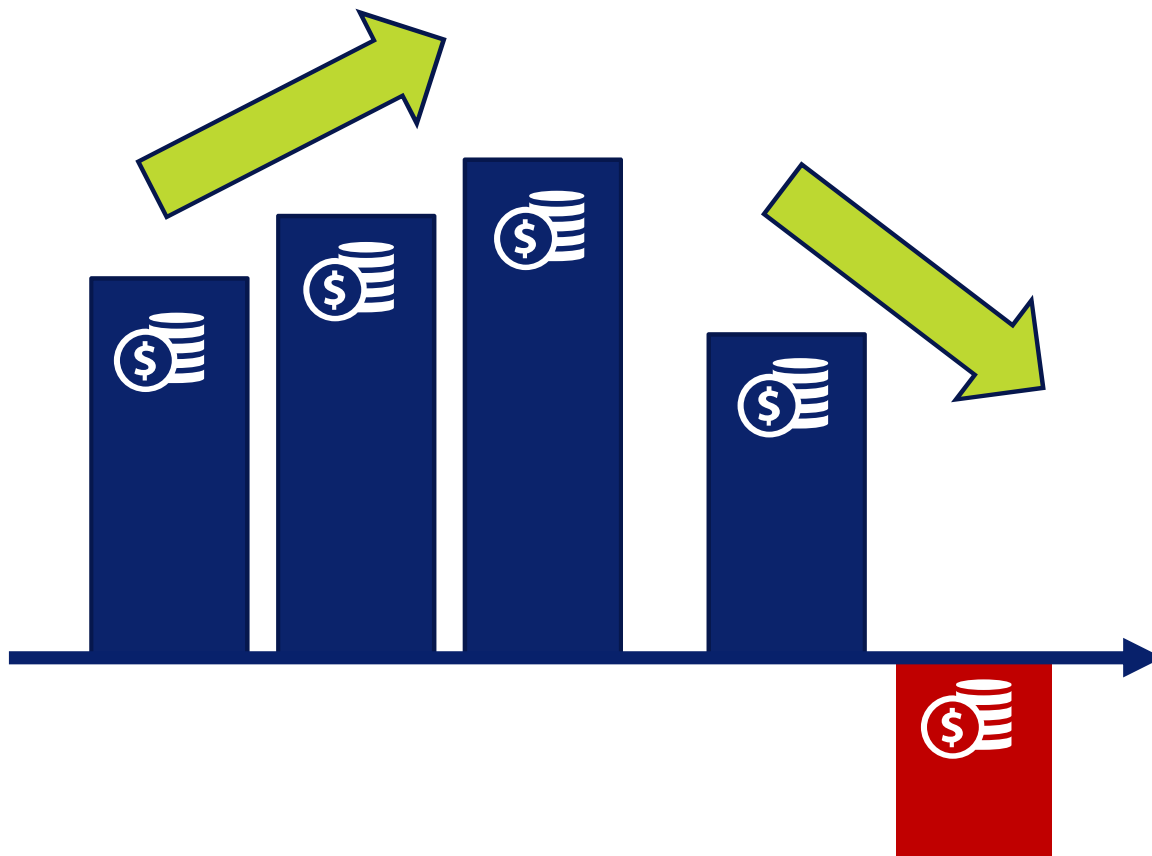


Scenario #2: Issuer choose NOT to follow Appendix 7.2



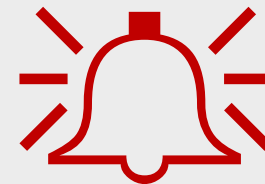


# Announcement Matters – Change in the Issuer's Near-Term Earnings Prospects



## Considerations

- Change in *prospects statement*
- Changes in *public information*
- Material changes in *business condition*



Profit Warning



Update  
Announcement

# Announcement Matters – Material Transaction / Letter of Demand

## Material Transaction



- Issuer committed to a material transaction = **DISCLOSE**
- Transaction is subject to conditions precedent that have yet to occur = **DISCLOSE**
- Subsequent material developments on the transaction = **DISCLOSE**

## Letter of Demand



- Does the amount or action stated in the letter of demand pose a **material impact**?

Negotiations may be ongoing or the outcome of the lawsuit is not yet known.



**DISCLOSE**

unless the claim/action is reasonably assessed to be bound to fail

# Announcement Matters – Sufficient Information

## Information that Allows Investors to Evaluate is Key

- e.g. Financial impact (EPS, NTA per share)



- If issuer is unable to provide financial impact with certainty, board is to explain for non-disclosure and sufficient information be provided to enable investors to independently assess using the variables disclosed.

## No Generic or Boilerplate Statements



“cautiously optimistic of its prospects”



“double digit performance”



To state facts/circumstances that has affected or may affect performance



To provide insightful analysis on impact

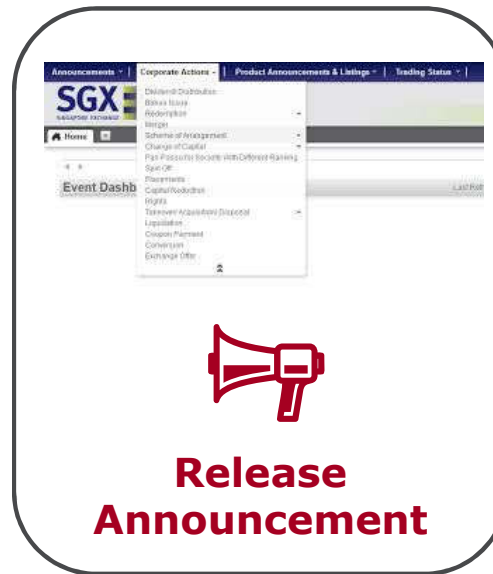
# Announcement Matters – Analyst Briefings / Media Interviews



As you may see, we are constantly improving our performance!



Open Door Policy



By the way, we have recently secured some major contracts.



# Announcement Matters – Publication of Promotional Material



- 1 **Factual**
- 2 **No Promotional Jargon**
- 3 **Balanced and Fair**

Our Company's shares is projected to be **\$2.00!**

**Research Report**  
Fair Value of Shares: **S\$2.00**

**Not Disclosed**

- **Qualification:** Up to S\$2.00 based on WACC assumption of 10%
- **Research Report's Recommendation:** Up to S\$1.50 based on WACC assumption of 15%

# SIAS Investor Education Fund



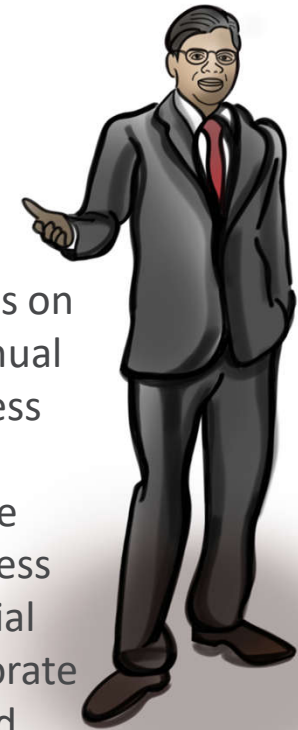
**Institutional  
investors**



**Retail  
investors**

## **SIAS**

Issuance of queries on listed issuers' Annual Reports to address shareholders' concerns on the company's business strategy, financial information, corporate governance and sustainability



# IMPORTANT NOTICE



*“SGX, I assure you of management’s competence based on this painting.”*

Independent  
Director

**Thank You!**