

SINGAPORE EXCHANGE LIMITED

PUBLIC CONSULTATION

PURSUANT TO SECTION 23(2) OF THE SECURITIES AND FUTURES ACT AND REGULATION 19(2) OF THE SECURITIES AND FUTURES (MARKETS) REGULATIONS 2005, THE EXCHANGE HEREBY CONSULTS ITS PARTICIPANTS ON THE PROPOSED AMENDMENTS TO ITS BUSINESS RULES

PROPOSED AMENDMENTS TO THE SGX-ST RULES IN RELATION TO RESTRICTIONS ON THE TRADING OF GLOBAL DEPOSITORY RECEIPTS

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PROPOSED AMENDMENTS TO THE SGX-ST RULES IN RELATION TO RESTRICTIONS ON THE TRADING OF GLOBAL DEPOSITORY RECEIPTS

13 October 2006

1. BACKGROUND

- 1.1 In June 2006, Singapore Exchange Securities Trading Limited (the “**Exchange**”) introduced the listing of Global Depository Receipts (“**GDRs**”). GDRs relate to equity securities of corporations that are already listed on a regulated foreign stock exchange.
- 1.2 The offer of GDRs in Singapore is made pursuant to the exemptions granted under sections 274 or 275 of the Securities and Futures Act (Cap 289) (“**SFA**”), whereby the offeror of securities is exempted from lodging a prospectus with the Monetary Authority of Singapore.
- 1.3 In accordance with the provisions of the SFA and Rule 252 of the Listing Manual, the offer and trading of GDRs is restricted to institutional investors, accredited investors and such other persons as contemplated under the SFA.¹
- 1.4 As the offer of GDRs without a prospectus is made under the exemptions stipulated in sections 274 and 275 of the SFA, corporations seeking to list their GDRs on SGX-ST have more limited documentation requirements and ongoing listing obligations².
- 1.5 Section 276 of the SFA imposes a restriction on the trading of securities to retail investors without a prospectus, for a period of six (6) months from the date of the initial acquisition. The SGX-ST Listing Manual augments the requirement under the SFA by restricting the offer and subsequent trading of GDRs to institutional and accredited investors, and such other persons as contemplated under the SFA, for as long as the GDRs are listed on SGX-ST³ i.e. the restrictions on the offer and trading of GDRs apply beyond the six month period provided for under Section 276 of the SFA.

2. CONSEQUENTIAL AMENDMENT TO SGX-ST RULES

- 2.1 To conform the SGX-ST Rules with the Listing Manual and ensure the observance of the trading restrictions of GDRs listed on SGX-ST, we propose to codify the Exchange’s power to impose trading restrictions, such as those in relation to GDRs, in the SGX-ST Rules.
- 2.2 The proposed SGX-ST Rule 3.1.3(3) is attached as **Appendix 1**.

¹ Practice Note (no. 12.3.1, 12.3.2) of the SGX-ST Rules advises SGX-ST Members to observe the provisions of the Listing Manual in relation to GDRs.

² In substitution of the prospectus requirement, corporations seeking to list their GDRs need to submit to the Exchange only certain documents as set out in Practice Note 2.2 to the Listing Manual - see **Appendix 2**. Furthermore, unlike those corporations seeking primary listing on SGX-ST which must observe a full range of continuing listing obligations, a corporation seeking to list its GDRs on SGX-ST needs only to comply with certain continuing listing obligations, as set out in Rule 253 of the Listing Manual- see **Appendix 3**.

³ Rule 252(2) of the Listing Manual. See **Appendix 4**.

3. PROCEDURE AND DEADLINE TO SUBMIT COMMENTS

- 3.1 Written submissions are to be sent to the Exchange through email *and* either by post/courier or by fax:

Email: [rules@sgx.com]

AND

Post/Courier: Singapore Exchange Limited
2 Shenton Way, SGX Centre 1
#19-00, Singapore 068804
Attn: Leong Kwai Chun
Fax: 6538-8273

- 3.2 Comments should be organized in the following manner:
- (a) cover page (including the information specified in paragraph 1.4 of this Section);
 - (b) statement of interest
 - (c) table of contents;
 - (d) summary of major points;
 - (e) comments; and
 - (f) conclusion.
- 3.3 Supporting material may be placed in an annex. All submissions should be clearly and concisely written, and should provide a reasoned explanation for any proposed revision to the rules. Where feasible, participants should identify the specific rule on which they are commenting. In any case in which a participant chooses to suggest revisions to the text of the rules, the participant should state clearly the specific changes to the text that they are proposing.
- 3.4 All submissions should be made on or before **27 October 2006**. Submissions must be submitted in both hard and soft copies (in Microsoft Word format) and font size should be no smaller than Times New Roman 11pt. Participants submitting comments should include their personal/company particulars as well as their correspondence address, contact numbers and email addresses on the cover page of their submissions.
- 3.5 The Exchange reserves the right to make public all or parts of any written submission and to disclose the identity of the source. Participants may request confidential treatment for any part of the submission that the participant believes to be proprietary, confidential or commercially sensitive. Any such information should be clearly marked and placed in a separate annex. If the Exchange grants confidential treatment, it will consider but will not publicly disclose the information. If the Exchange rejects the request for confidential treatment, it will return the information to the party that submitted it and will not consider the information as part of its review. As far as possible, participants should limit any request for confidential treatment of information submitted. The Exchange will not accept any submission that requests confidential treatment of all, or a substantial part, of the submission.

Proposed amendment to SGX-ST Rule 3.1.3 (blacklined)

3.1.3 SGX-ST's powers include:

- (1) imposing sanctions prescribed in the SGX-ST Listing Manual on a listed company or any Director of such company in respect of any breach of the SGX-ST Listing Manual; ~~and~~
- (2) transferring any entity from the Official List of the SGX Sesdaq to the Official List of SGX Mainboard in accordance with the SGX-ST Listing Manual and vice versa; and
- (3) imposing conditions or restrictions prescribed in the SGX-ST Listing Manual, on the trading of securities listed on SGX Mainboard or SGX Sesdaq. Trading Members and Trading Representatives shall comply with all prescribed conditions and restrictions, including:
 - (a) the classes of investors or persons who are allowed to trade in particular classes of securities;
 - (b) moratoria on the trading of particular classes of securities for such periods of time as prescribed by SGX-ST; and
 - (c) such other conditions or restrictions as SGX-ST prescribes for the maintenance of a fair, orderly and transparent market.

Extract from SGX-ST Listing Manual - Practice Note 2.2

Documents to be submitted in connection to the issue of GDRs

2 Documents to be submitted as part of the listing application

- 2.1 The offering memorandum, introductory document or a listing document (“listing documents”), whichever is applicable, in connection with an issue of global depository receipts for which listing is sought.
- 2.2 Listing documents must contain the information that accredited and institutional investors and their professional advisors would reasonably require taking into account market practice. The listing documents must include the following information:-
 - (a) audited annual (consolidated) financial statements for the 3 most recent completed financial years or less where applicable, such as where the corporation exists for less than 3 years. Audited financial statements may be prepared in accordance to Singapore Financial Reporting Standards (“SFRS”), International Financial Reporting Standards (“IFRS”), US Generally Accepted Accounting Principles (“US GAAP”), or the foreign corporation’s national law and national accounting standards;
 - (b) any significant developments in the corporation’s financial position or material information contained in the announcements made to the home exchange since the date of the latest audited financial statements; and
 - (c) a description of the principal features of the global depository receipts.
- 2.3 Confirmation by the corporation that it accepts responsibility for the information provided in the Listing documents, and the Listing documents contains the information that accredited and institutional investors and their professional advisors would reasonably require taking into account market practice.
- 2.4 The memorandum and articles of association or other constituent documents, if any (incorporating all amendments made to date).

3 Documents to be submitted after approval in-principle

- 3.1 After the corporation receives approval in-principle from the Exchange, the following documents must be submitted before the listing of the securities:-
 - (a) The signed listing undertaking in the form set out in Appendix 2.3.1;
 - (b) The signed issue documents, such as the depository agreement (as applicable);
 - (c) The required number of copies of the listing documents; and
 - (d) Such other documents (if any) as stipulated in the approval in-principle letter.

Extract from SGX-ST Listing Manual – Rule 253

Continuing listing obligations of a corporation seeking listing of its GDRs on SGX-ST

The corporation must undertake to:

- (1) Maintain the listing of the underlying equity securities on the home exchange and abide by the listing (or other) rules of that exchange;
- (2) Release all information and documents (in English) to the Exchange at the same time as such information is released to the home exchange;
- (3) Announce any notice of substantial shareholders' interests in the corporation's securities or a change in the percentage level of interest or interests of a substantial shareholder in the corporation when received by the corporation. The corporation may follow the rules of its home exchange if the exchange regulates such notifications;
- (4) Provide the Exchange with the required number of copies and one electronic copy of its published annual report (in English) and all documents annexed thereto as soon as it is issued, pursuant to the rules of the home exchange. If the annual report is not published in English, to provide a translated copy at the same time the annual report is issued;
- (5) Seek the Exchange's approval prior to any change of depository. The replacement depository must satisfy the Exchange that it has the relevant expertise and experience. A subsequent announcement of such change of the depository will be required;
- (6) Provide the Exchange with 2 copies of any subsequent amended draft memorandum and articles of association or other constituent document to the Exchange no later than when it sends the notice convening the meeting to pass the amendment;
- (7) Provide the Exchange with the contact details of authorised representatives of the depository and the corporation to facilitate an effective channel of communication, subject to:
 - (a) such representatives being easily contactable during market trading hours;
 - (b) to notify the Exchange of any changes to the contact details of the assigned representatives; and
- (8) Comply with such other listing rules as may be applied by the Exchange from time to time.

Extract from SGX-ST Listing Manual – Rule 252(2)

Requirements for issue of GDRs

- (2)(a) Global depository receipts are to be offered or traded solely to and by institutional investors, accredited investors or such other persons as contemplated under Sections 274 or 275 of the Securities and Futures Act (Cap. 289).
- (b) The aforesaid restriction applies to both primary and secondary markets, and for the avoidance of doubt excludes retail participation even beyond the 6 months period contemplated under Section 276 of the Securities and Futures Act (Cap.289).