

Capital Markets | Restructuring & Insolvency

# SGX RegCo Seeks Feedback on Enhancing Listing Rules on Restructuring and Trading Resumption Processes for SGX ListCos

## Introduction

The Singapore Exchange Regulation ("**SGX RegCo**") is seeking comments on its proposed changes to the SGX-ST Listing Rules (Mainboard) ("**Mainboard Rules**") and SGX-ST Listing Rules (Catalist) ("**Catalist Rules**") (collectively, the "**Listing Rules**") to clarify the obligations of issuers listed on SGX-ST ("**issuers**") undergoing the corporate restructuring process under Insolvency, Restructuring and Dissolution Act 2018 of Singapore ("**IRDA**"), and to streamline the application process for trading resumption by suspended issuers. If implemented, the changes will enable issuers to conduct restructuring more efficiently, while reducing the regulatory burden in the restructuring process. The Consultation Paper titled "Proposed Enhancements to Corporate Restructuring Framework and Trading Resumption Framework" is available [here](#), and the public consultation closes on **22 March 2024**.

This Update provides a brief summary of SGX RegCo's key proposals to improve the restructuring and trading resumption frameworks.

## Clarifying Disclosure Obligations of Financially Distressed Issuers

An issuer facing financial pressures (for example, where it foresees itself being unable to pay its debts as it becomes due) ("**Financially Distressed Issuer**") may undertake two primary restructuring procedures in Singapore: (i) judicial management (pursuant to the IRDA) and (ii) scheme of arrangement (pursuant to the Companies Act 1967 of Singapore ("**CA**")).

The proposed changes relate primarily to situations where an application has been filed with the court for the issuer to be under a court-supervised moratorium proceeding involving a compromise or arrangement between the issuer (or any of its subsidiaries) and its creditors ("**Moratorium**").

Key proposed changes include:

Current Requirements	Proposed Changes
Immediate announcements	

# Client Update: Singapore

## 2024 MARCH

### Capital Markets | Restructuring & Insolvency

Current Requirements	Proposed Changes
<p>An issuer must make an immediate announcement where it is undergoing a winding up process or judicial management.</p>	<p>SGX RegCo proposes to additionally provide that an issuer is required to make an immediate announcement if it (or any of its subsidiaries) is undergoing Moratorium, taking into consideration that a Financially Distressed Issuer is most likely unable to continue as a going concern where an application has been filed with the court for the issuer to be under a Moratorium.</p>
<p><b>Routine reporting</b></p>	
<p>An issuer must provide a monthly update on the issuer's financial situation in certain instances. These instances include where:</p> <p>(a) an application has been filed with a court to wind up the issuer (or any of its subsidiaries), or to place any of them under judicial management;</p> <p>(b) a receiver, judicial manager or liquidator has been appointed in respect of the issuer (or any of its subsidiaries); and</p> <p>(c) there is a breach of or occurrence of any event under any loan agreement or debt securities of the issuer or any of its subsidiaries, which may have a significant impact on the operations of the issuer or result in the issuer facing a cash flow problem</p> <p>(collectively, "<b>Specified Instances</b>").</p>	<p>SGX RegCo recognises in the Specified Instances that there is unlikely to be reportable developments on a monthly basis and proposes to require quarterly updates instead.</p> <p>This remains subject to the overriding obligation of the Financially Distressed Issuer to disclose material updates pursuant to Rule 703 of the Listing Rules.</p>
<p><b>Quarterly financial statements</b></p>	
<p>An issuer is required to announce its quarterly financial statements if its auditors have issued a qualified opinion, disclaimer of opinion or adverse opinion, or its auditors have stated that a material uncertainty relating to going concern exists in the issuer's latest financial statements. This requirement to announce quarterly financial statements does not apply to an issuer that is, among others, undergoing judicial management.</p>	<p>SGX RegCo proposes not requiring a Financially Distressed Issuer under Moratorium pursuant to the IRDA or CA to announce its quarterly financial statements, and instead only announce its first half financial statements.</p> <p>Reason being, similar to an issuer under judicial management (including interim judicial management), the Financially Distressed Issuer would most likely be unable to prioritise resources towards the preparation of quarterly financial</p>

# Client Update: Singapore

## 2024 MARCH

### Capital Markets | Restructuring & Insolvency

Current Requirements	Proposed Changes
	statements where a Financially Distressed Issuer is under Moratorium.
<b>Disposal of assets</b>	
<p>Chapter 10 of the Listing Rules sets out the requirements for significant transactions (including realisation of assets) undertaken by issuers or a subsidiary that is not listed on the SGX-ST or an approved exchange, and prescribes materiality thresholds, wherein, among others, disclosure and shareholders' approval are required.</p>	<p>SGX RegCo proposes that the requirement under Chapter 10 to seek shareholders' approval for a disposal of assets by the issuer or its significant subsidiary will not apply, where it is undertaken as part of judicial management or liquidation of the issuer (or its significant subsidiary) under the IRDA, having noted the following:</p> <ul style="list-style-type: none"> <li>• Where a judicial manager is seeking to dispose of an issuer's assets to achieve the statutory purposes, and where such disposal is classified as a major transaction, it may not be practicable for the judicial manager to seek shareholders' approval pursuant to Chapter 10. This is because lead time is needed to obtain approval, and potential buyers may be deterred by such timelines and lack of certainty in obtaining shareholders' approval.</li> <li>• Judicial managers are subject to statutory and common law duties, and relief is available under the IRDA for shareholders if judicial managers managed a company's affairs, business and property in a manner that was unfairly prejudicial to the interests of the shareholders.</li> <li>• With regard to the disposal of assets by liquidators appointed under IRDA, the powers, duties and functions of liquidators, including the disposal of assets, are regulated by the IRDA.</li> </ul>
<b>Trading suspension</b>	
<p>Trading of the issuer's listed securities will be suspended when an issuer is placed under judicial management, to avoid a situation where trading in such shares may occur without complete information during the ongoing restructuring process.</p> <p>The Listing Rules provide for a non-exhaustive list of other circumstances for which SGX RegCo may</p>	<p><u>Expansion of grounds for trading suspension</u></p> <p>SGX RegCo proposes that the trading of the listed securities of an issuer may be suspended if (a) the issuer or its significant subsidiary is seeking judicial management by way of a creditors' resolution under</p>

# Client Update: Singapore

## 2024 MARCH

### Capital Markets | Restructuring & Insolvency

Current Requirements	Proposed Changes
<p>suspend the trading of the listed securities of an issuer, including where the issuer is unable to continue as a going concern (e.g. where an application is filed with a court to place the issuer (or its significant subsidiary) under judicial management).</p> <p>A company may be placed under judicial management by resolution of creditors, through an "out-of-court" process under Section 94 of the IRDA. The process involves the company appointing an interim judicial manager and convening a creditors' meeting to pass a resolution for the company to be placed under judicial management.</p>	<p>IRDA, or (b) the issuer is a Financially Distressed Issuer under Moratorium.</p> <p>Reasons being, a Financially Distressed Issuer is unlikely to meet the requirement as a going concern and the uncertainty in the affairs of the Financially Distressed Issuer amid ongoing negotiations with its creditors.</p> <p><u>Waiver of trading suspension</u></p> <p>There may be exceptional circumstances where a Financially Distressed Issuer is of the view that the trading suspension is not required. It is proposed that the Financially Distressed Issuer may, ahead of filing its application with the court, write in to SGX RegCo to seek such exemption where:</p> <ul style="list-style-type: none"> <li>(a) The issuer has worked out a compromise or an arrangement with its creditors or any class of those creditors in a short span of time (or "pre-packs"). Under section 71 of the IRDA, the court may approve such "pre-pack" schemes without any creditor meetings being held; and</li> <li>(b) The issuer has complied with all statutory requirements under section 71 of the IRDA or where the statutory majority has been obtained based on the supporting affidavit filed by the issuer, the supporting affidavit does not disclose any objection or potential objection from the issuer's creditors or any stakeholder and the issuer explains why a waiver of suspension is critical to a successful debt restructuring.</li> </ul>
<p><b>Trading Resumption</b></p>	
<p>An issuer under trading suspension is required to submit resumption proposals to SGX RegCo.</p> <p>SGX RegCo has discretion to delist the issuer if no satisfactory trading resumption proposal has been received within 12 months from the date of suspension. The issuer must implement the</p>	<p>SGX RegCo proposes to apply the trading resumption process under Rule 1304 of the Listing Rules to suspensions for all reasons (other than insufficient public float or lack of a continuing</p>

# Client Update: Singapore

## 2024 MARCH

### Capital Markets | Restructuring & Insolvency

Current Requirements	Proposed Changes
<p>resumption proposals within six months from SGX RegCo's no-objection. The current process set out in Rule 1304 of the Listing Rules only applies to suspensions due to the Specified Instances.</p> <p>Further, the issuer is required to provide a monthly valuation of its assets and utilisation of cash and updates of milestones in completing the relevant transactions via SGXNET.</p>	<p>sponsor).<sup>1</sup> This helps promote a consistent approach in the trading resumption process. SGX RegCo also intends to provide guidance to issuers (by way of a Practice Note) on the application process for a trading resumption and its expectations.</p> <p>SGX RegCo proposes to reduce the frequency of periodic updates, such that issuers can provide quarterly updates, instead of monthly, to give issuer breathing space from technical compliance requirements and ease administrative burden on issuers with limited resources.</p>

### Further Information

For details of these proposed changes, please refer to the Consultation Paper. The proposed amendments to the Mainboard Rules and the Catalist Rules may be found at Appendix 1 and Appendix 2 to the Consultation Paper, respectively.

If you wish to submit feedback on the Consultation Paper or have any queries on the above development, please feel free to contact our team members below who will be happy to assist.

<sup>1</sup> The timeline to restore public float of at least 10% or finding a continuing sponsor will remain at three months due to the urgency of restoring public float and finding a sponsor for a Catalist issuer.

## Contacts

### Capital Markets



**Evelyn Wee**  
Deputy Head, Corporate and  
Transactional Group  
Head, Capital Markets  
  
T +65 6232 0724  
[evelyn.wee@rajahtann.com](mailto:evelyn.wee@rajahtann.com)



**Tan Mui Hui**  
Deputy Head, Capital Markets  
  
T +65 6232 0191  
[mui.hui.tan@rajahtann.com](mailto:mui.hui.tan@rajahtann.com)



**Hoon Chi Tern**  
Deputy Head, Capital Markets  
  
T +65 6232 0714  
[chi.tern.hoon@rajahtann.com](mailto:chi.tern.hoon@rajahtann.com)

Click [here](#) for our Partners in Capital Markets Practice.

### Restructuring & Insolvency



**Sim Kwan Kiat**  
Head, Restructuring & Insolvency  
  
T +65 6232 0436  
[kwan.kiat.sim@rajahtann.com](mailto:kwan.kiat.sim@rajahtann.com)



**Sheila Ng**  
Deputy Head, Restructuring &  
Insolvency  
  
T +65 6232 0590  
[sheila.ng@rajahtann.com](mailto:sheila.ng@rajahtann.com)

# Client Update: Singapore

## 2024 MARCH



**Chua Beng Chye**  
Deputy Head, Restructuring &  
Insolvency

T +65 6232 0419

[beng.chye.chua@rajahtann.com](mailto:beng.chye.chua@rajahtann.com)

---

Click [here](#) for our Partners in Restructuring & Insolvency Practice.

Please feel free to also contact Knowledge Management at [eOASIS@rajahtann.com](mailto:eOASIS@rajahtann.com)

## Our Regional Contacts

RAJAH & TANN SOK & HENG | *Cambodia*

**Rajah & Tann Sok & Heng Law Office**

T +855 23 963 112 / 113

F +855 23 963 116

kh.rajahtannasia.com

RAJAH & TANN | *Myanmar*

**Rajah & Tann Myanmar Company Limited**

T +95 1 9345 343 / +95 1 9345 346

F +95 1 9345 348

mm.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP**

**Shanghai Representative Office**

T +86 21 6120 8818

F +86 21 6120 8820

cn.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

**Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)**

T +632 8894 0377 to 79 / +632 8894 4931 to 32

F +632 8552 1977 to 78

www.cagatlaw.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

**Assegaf Hamzah & Partners**

**Jakarta Office**

T +62 21 2555 7800

F +62 21 2555 7899

**Surabaya Office**

T +62 31 5116 4550

F +62 31 5116 4560

www.ahp.co.id

RAJAH & TANN | *Singapore*

**Rajah & Tann Singapore LLP**

T +65 6535 3600

sg.rajahtannasia.com

RAJAH & TANN | *Thailand*

**R&T Asia (Thailand) Limited**

T +66 2 656 1991

F +66 2 656 0833

th.rajahtannasia.com

RAJAH & TANN | *Lao PDR*

**Rajah & Tann (Laos) Co., Ltd.**

T +856 21 454 239

F +856 21 285 261

la.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

**Rajah & Tann LCT Lawyers**

**Ho Chi Minh City Office**

T +84 28 3821 2382 / +84 28 3821 2673

F +84 28 3520 8206

CHRISTOPHER & LEE ONG | *Malaysia*

**Christopher & Lee Ong**

T +60 3 2273 1919

F +60 3 2273 8310

www.christopherleeong.com

**Hanoi Office**

T +84 24 3267 6127

F +84 24 3267 6128

www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in Asia.

Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

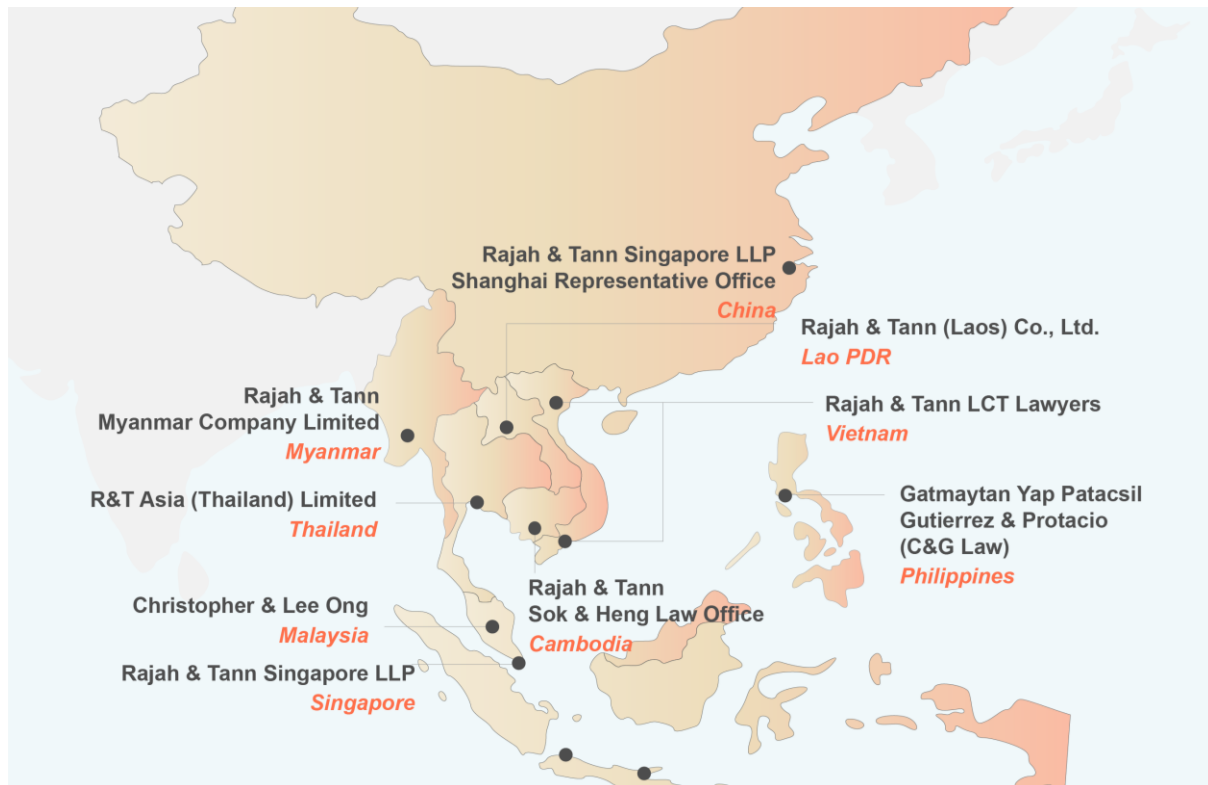
This update is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this update.



# Client Update: Singapore

## 2024 MARCH

## Our Regional Presence



Rajah & Tann Singapore LLP is one of the largest full-service law firms in Singapore, providing high quality advice to an impressive list of clients. We place strong emphasis on promptness, accessibility and reliability in dealing with clients. At the same time, the firm strives towards a practical yet creative approach in dealing with business and commercial problems. As the Singapore member firm of the Lex Mundi Network, we are able to offer access to excellent legal expertise in more than 100 countries.

Rajah & Tann Singapore LLP is part of Rajah & Tann Asia, a network of local law firms in Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan and South Asia.

The contents of this Update are owned by Rajah & Tann Singapore LLP and subject to copyright protection under the laws of Singapore and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Rajah & Tann Singapore LLP.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Rajah & Tann Singapore LLP or email Knowledge Management at [eOASIS@rajahtann.com](mailto:eOASIS@rajahtann.com).