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News Release

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SGX RegCo removes minimum trading price rule while enhancing other anti-manipulation tools

Singapore Exchange Regulation (SGX RegCo) is removing the minimum trading price (MTP) rule for Mainboard issuers with effect from 1 June 2020.

Since the implementation of a series of anti-manipulation tools, the number of manipulation alerts triggered on our market has declined. These tools include the enhanced Trade with Caution alerts and Member Surveillance Dashboard. In contrast, the MTP framework has turned out to be a blunt tool in addressing risk of manipulation.

The shares of most of the issuers in the MTP watch-list have not been found to be manipulated. Yet these issuers are subject to risk of a delisting as a result of the MTP rule. Issuers on the MTP watch-list have also faced challenges in borrowing from banks and developing business relationships.

The public consultation to remove the MTP rule received broad support from market participants. The MTP watch-list will cease to exist on 1 June 2020 and Mainboard companies on the list will no longer need to satisfy the exit criteria and apply for removal from the MTP watch-list.

SGX RegCo will continue to enhance our tools to prevent and detect manipulation. This includes developing new capabilities such as the deployment of artificial intelligence in our real-time monitoring system.

At the same time, SGX RegCo has strengthened the financial watch-list¹ by refining the exit requirements. Starting from 1 June 2020, non-recurrent income or income generated by activities outside the ordinary course of business will be excluded in assessing whether issuers fulfill the profitability test for exiting the financial watch-list.

In addition, an issuer will not be considered as meeting the profitability test for exiting the financial watch-list if its latest financial statements are subject to a modified audit opinion, or if its auditors have highlighted a material uncertainty relating to going concern.

SGX RegCo will also ignore artificial distortions to share prices that are not representative of true market demand in assessing share price or market capitalisation thresholds in the Mainboard and Catalyst listing rules, including the market capitalisation test for exiting the financial watch-list.

¹ As announced on 8 April 2020, SGX RegCo has provisionally suspended placing issuers on the financial watch-list in June 2020 and December 2020 amid the challenging business and economic climate due to COVID-19. However, issuers can continue to exit the financial watch-list if they can meet the exit criteria.

SGX RegCo's responses to the feedback received on the MTP public consultation can be found [here](#).

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SGX is the world's most liquid international market for the benchmark equity indices of China, India, Japan and ASEAN and offers commodities and currency derivatives products. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit www.sgx.com.

Media Contact

Carolyn Lim
Marketing & Communications
+65 6236 8139
Carolyn.lim@sgx.com