News Release

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SGX RegCo requires exit offers to be fair and reasonable, shareholder vote to exclude offeror and concert parties

Singapore Exchange Regulation (SGX RegCo) today announced changes to two aspects of the voluntary delisting rules, with immediate effect. The changes come after consultations with market participants and the public.

1. Exit Offer

Exit offers in conjunction with voluntary delistings must not only be reasonable[1], but also fair[2]. To ensure investors understand the opinions of Independent Financial Advisors (IFAs), SGX expects the bases for determining the fairness and the reasonableness of the offer be separately detailed. SGX will also work with relevant industry bodies to develop guidance and standards for IFAs and their opinions.

2. Shareholder Vote

The offeror and parties acting in concert with the offeror must abstain from voting on the voluntary delisting resolution. Arising from feedback, the approval threshold is maintained at 75% of total number of shares held by independent shareholders present and voting. The 10% block[3] will be removed.

SGX wishes to highlight that offerors should not use other forms of privatisation to avoid complying with the above requirements. Therefore, where a general offer is made, SGX will generally consider waiving the exit offer and the shareholder vote requirements if:

a. the offer is fair and reasonable; and
b. at the close of the offer, the offeror has received acceptances from at least 75% of independent shareholders.

The issuer will remain listed if these waiver conditions are not met. If the public float of the issuer falls below the minimum threshold, SGX RegCo may suspend trading of its securities. In the meantime, the issuer must meet its continuing obligations under the Listing Rules (including restoring its public float). The issuer will be able to delist if a subsequent general offer that meets the waiver conditions is made, or if the issuer enters into a subsequent scheme of arrangement that complies with the Listing Rules.

[1] In considering whether an offer is "reasonable", the IFA should consider other matters as well as the value of the securities subject to the offer (the "Offeree Securities"). Such matters include, but are not limited to, the existing voting rights in the offeree company held by the offeror and its concert parties and the market liquidity of the Offeree Securities. [Source: Securities Industry Council]

[2] The term "fair" relates to an opinion on the value of the offer price or consideration compared against the value of the Offeree Securities. An offer is "fair" if the price offered is equal to or greater than the value of the Offeree Securities. [Source: Securities Industry Council]

[3] The 10% block refers to the requirement that the voluntary delisting resolution must not be voted against by more than 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) held by shareholders present and voting.

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“In arriving at the new voluntary delisting framework, SGX RegCo was cognisant of the need to ensure that exit offers are fair and reasonable, so as to better align the interests of the offeror and independent shareholders. The feedback we received raised the question of whether delisting is a sufficiently important decision of the issuer to warrant a high approval threshold. We concluded that the approval threshold should be kept at 75%, to give independent shareholders a say in the delisting in all situations,” said Tan Boon Gin, CEO of SGX RegCo.

SGX RegCo’s responses to the feedback received are here.

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About Singapore Exchange
Singapore Exchange is Asia’s leading and trusted market infrastructure, operating equity, fixed income and derivatives markets to the highest regulatory standards. As Asia’s most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore.

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