

17 September 2014

## SGX consults on minimum trading price

Singapore Exchange (SGX) is consulting the public on details of the minimum trading price requirement and proposed changes to the existing watch-list. SGX also seeks public feedback on its proposal to retain and codify the notification process and privy list requirements for specific transactions into its Listing Rules.

This consultation on the minimum trading price requirement and proposed changes to the existing watch-list follows positive response to the February 2014 Monetary Authority of Singapore (MAS) and SGX joint consultation on proposals to enhance the Singapore securities market. The notification requirement was announced at the same time as the joint consultation as part of SGX's enhancement of its regulatory tools.

### Minimum trading price and changes to existing watch-list

MAS and SGX have decided to introduce a minimum trading price for Mainboard-listed stocks as a continuing listing requirement to address risks associated with low-priced securities and to improve overall market quality. Given the strong public support for the requirement, SGX will proceed to set a minimum trading price of S\$0.20 for Mainboard stocks.

A one-time transition period of 12 months from the date of introduction of the minimum trading price requirement will be given to affected issuers to undertake corporate actions to meet the new requirement. Those which are unable to meet the requirement after the 12-month transition period will be placed on a watch-list. Issuers which are unable to take steps to raise its minimum trading price and exit the watch-list will be delisted after a 36-month cure period.

SGX is consulting the public on operational details of the minimum trading price requirement. With the introduction of the minimum trading price requirement and its designation as one of the criteria for entry into the watch-list, SGX is also proposing adjustments to the existing watch-list framework to better rationalise the existing watch-list criteria with the minimum trading price entry and exit criteria.

SGX targets to introduce the minimum trading price requirement and adjustments to the existing watch-list requirements by March 2015, and for them to take effect from March 2016.

### Requirement to provide notification of specific transactions and privy list

In February 2014, SGX announced a series of enhancements to its regulatory tools, one of which requires issuers and/ or controlling shareholders to notify SGX if they are aware of or involved in discussions that are likely to result in a takeover, reverse takeover or a very substantial acquisition by the issuer. Issuers and/or controlling shareholders are to concurrently commence the maintenance of a list of persons privy to such potential transactions.

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Since its introduction on 3 March 2014, SGX has received more than 40 notifications. This has enabled closer monitoring and earlier issuance of public queries when SGX observed unusual price or volume movements in the shares of the issuer. The notification requirement also serves as a reminder to issuers of their responsibility to keep negotiations on such potential transactions confidential as well as the need to monitor the trading activities of their securities. Investigations have also been facilitated by the availability of a ready privy list which allows SGX to react promptly to suspected insider trading activities.

SGX is consulting the public on a proposal to retain the current notification and privy list requirements and to codify them into the Listing Rules. SGX is also seeking feedback on the types of transactions requiring such notifications and concurrent maintenance of privy list, the circumstances under which the notification requirement is triggered, the sufficiency of guidance and illustrations provided and the proposed format for the notifications.

The Consultation Paper covering proposals on both the minimum trading price and notification requirements can be viewed at

[http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult\\_pub/consult\\_papers](http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult_pub/consult_papers)

SGX invites comments on its Consultation Paper until 16 October 2014 via:

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### **About Singapore Exchange (SGX)**

Singapore Exchange (SGX) is the Asian Gateway, connecting investors in search of Asian growth to corporate issuers in search of global capital. SGX represents the premier access point for managing Asian capital and investment exposure, and is Asia's most international exchange with more than 40% of companies listed on SGX originating outside of Singapore. SGX offers its clients the world's biggest offshore market for Asian equity index futures, centred on Asia's three largest economies – China, India and Japan.

In addition to offering a fully integrated value chain from trading and clearing, to settlement and depository services, SGX is also Asia's pioneering central clearing house. Headquartered in Asia's most globalised city, and centred within the AAA strength and stability of Singapore's island nation, SGX is a leading Asian counterparty for the clearing of financial and commodity products.

For more information, please visit [www.sgx.com](http://www.sgx.com).

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