



BOOSTING EQUITY FINANCING FOR HIGH-GROWTH ENTERPRISES

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Boosting Equity Financing for High-Growth Enterprises

At the Singapore Exchange (“**SGX**”) Securities Market Open on 17 September 2021, SGX announced that together with the Ministry of Trade & Industry (“**MTI**”), EDB Investments (“**EDBI**”), the Monetary Authority of Singapore (“**MAS**”) and Temasek Holdings Limited (“**Temasek**”), it will be releasing a package of initiatives to attract high-growth enterprises to raise capital in Singapore’s public equity market and broaden Singapore’s proposition as a financing hub.

In summary, the following initiatives that will be adopted are as follows:

1. Anchor Fund @ 65

A new co-investment fund, Anchor Fund @ 65, will be established by the Singapore Government and Temasek, starting with S\$1.5 billion in the first tranche. This fund will support promising high-growth enterprises and market leaders in their public fundraising in Singapore’s public equity market, whether through primary, secondary, or dual listings, as well as provide pre-IPO financing to catalyse the growth of target enterprises and support them in their journey towards an eventual public listing

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The fund will be managed on a commercial basis by 65 Equity Partners, a wholly-owned investment platform of Temasek. In addition to anchoring the investee enterprises' public listings, the fund aims to drive good corporate governance and facilitate shareholder value creation.

2. Growth IPO Fund

EDBI, the dedicated investment arm of the Singapore Economic Development Board ("**EDB**"), intends to establish a new Growth IPO Fund to invest in later-stage enterprises that are at about two or more funding rounds away from a public listing. Through this fund, EDBI will partner with companies to grow their operations in Singapore, and work towards an eventual public listing in Singapore. Starting with a fund size of up to S\$500 million in the first tranche, this fund will bridge the gap between EDBI's typical growth-stage investments and the investments of the Anchor Fund @ 65, strengthening end-to-end access to financing for companies in the Singapore ecosystem.

Notably, the EDBI also intends to invest in future market leaders and technology inventors that are two to five years away from a public listing. This is in line with EDBI's strategic objective to anchor high-growth companies and investors in Singapore to grow our future economic pillars.

3. Enhanced Grant for Equity Market Singapore ("**GEMS**") scheme

MAS' GEMS scheme was first introduced in February 2019 to support enterprises seeking to list in Singapore and to help develop Singapore's equity research ecosystem. Till date, this GEMS scheme has helped to strengthen Singapore's equity capital market through:

1. a **Listing grant** to help issuers defray some of their listing costs;
2. a **Research Talent Development grant** to groom equity research talent through the co-funding of hiring expenses and enrich research coverage of Singapore-listed companies; and
3. a **Research Initiatives grant** to support crowd-sourced initiatives to propel the development of Singapore's equity research ecosystem.

Effective from 17 September 2021 onwards, MAS will enhance its GEMS scheme through expansion of the scope of support for the Listing grant and Research Talent Development grant:

Enhanced Listing grant – MAS will increase the co-funding of listing-related expenses for all companies and replace the original categories that previously capped co-funding

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at S\$200,000 to S\$1 million. Details of the new criteria are as follows:

| | Details | |
|-----------------------------|---|---|
| Listing Board | SGX Mainboard | Catalist |
| Qualifying Issuances | <p>IPOs and secondary listings, including Special Purpose Acquisition Companies (“SPACs”), Real Estate Investment Trusts (“REITs”) and Business Trusts (“BTs”) (with REITs and BTs subject to a cap), and Reverse Takeovers (“RTOs”) on the SGX</p> <p>SPACs will only qualify for a one-time claim upon listing and not at the stage of de-SPAC.</p> | |
| | | Issuers with an IPO, secondary listing or RTO |

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All listings, including secondary listings, with concurrent fund raising:

| Market Capitalisation | Funding |
|------------------------------|--|
| S\$1 billion and above | 70% co-funding of eligible expenses with a grant cap of S\$2 million |
| Below S\$1 billion | 70% co-funding of eligible expenses with a grant cap of S\$1 million |

Secondary listings (minimum market capitalisation of S\$1 billion and above) with fund raising at a later date after listing:

| Funding Level | Fund Raising | Funding | |
|---|---------------------|--|--|
| Within 6 months | | 70% co-funding of follow-on fund-raising expenses with a grant cap of S\$1.5 million | All listings with concurrent fund raising: 20% co-funding of eligible expenses, with a grant cap of S\$300,000, regardless of market capitalisation |
| Between 6 to 12 months | | 70% co-funding of follow-on fund-raising expenses with a grant cap of S\$1 million | |
| No fund-raising or fund-raising 12 months after listing | | 70% co-funding of eligible listing expenses with a grant cap of S\$500,000 | |

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Business spending made to Singapore-based providers that are directly attributable to a Qualifying Issuance, including:

**Eligible
Expense**

- Audit fees
- Intangible assets valuation and evaluation related expenses
- Independent market research fees
- Issue manager and sponsor fees
- Legal fees
- SGX listing fees
- Underwriting and placement fees

Source: [MAS' website](#)

Enhanced Research Talent Development grant – MAS will increase the funding for experienced professionals to S\$6,000 per month, and the funding duration for experienced professionals who are Singapore citizen to two years. This is an increase from the previous funding quantum of from S\$5,000 per month and funding duration of from one year. MAS will also expand the scheme's parameters to include research providers that serve accredited and institutional investors, and broaden the scope of research coverage that allow applicants to qualify for the grant.

More details on the enhanced grants under the GEMS scheme can be found on [the MAS' website](#) and in the infographic by the MAS [here](#).

4. **SGX's Strategic Partnership Model**

Beyond providing a listing platform for IPOs, SGX will also be adopting a Strategic Partnership Model whereby it will package bespoke capital market solutions to support the unique needs of high-growth companies. These multi-year solutions range from private fundraising to enhancing liquidity and profile-building to augmenting future growth drivers of companies.

Prior to listing, potential issuers can leverage on SGX's network of private market partners to access private market capital and expand their base of strategic investors.

For instance, with an enhanced liquidity provider programme comprising over 40 market makers and active traders, strategic partner companies are supported with continuous quotation. Up to 24 months of liquidity support will also be available to drive price formation for potential inclusion into global indices.

Funded profiling initiatives such as joint marketing, targeted corporate events and global investor outreach will also be customised for each strategic partner

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company, alongside capacity building in sustainability and industry-specific decarbonisation advisory services.

Conclusion

Overall, the abovementioned initiatives will serve to enhance Singapore's attractiveness as a destination for capital raising by local and regional enterprises. By building on recent initiatives undertaken by SGX such as dual-listing collaborations with overseas exchanges and the launch of the SPACs framework on 3 September 2021, these initiatives will help strengthen the SGX's platform, connectivity, and range of fundraising options in order to meet the capital needs of entrepreneurs seeking to grow their business.

For more details, please visit SGX's website at www.sgx.com/equitycapitalmarkets.

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