

MEASURES TO SUPPORT ISSUERS AMID CHALLENGING COVID-19 BUSINESS CLIMATE

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Categories: [CNPupdates](#), [Covid-19 Resource](#)

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The Singapore Exchange Regulation (“SGX RegCo”) has on 8 April 2020 introduced measures to support issuers amid the challenging business climate due to COVID-19.

Suspension of entry into Financial Watch-List

The first measure that SGX RegCo introduced is the suspension of the half-yearly reviews in June and December 2020 to place issuers on the Financial Watch-List (“**Suspension**”). This will allow issuers to focus on meeting the current business and economic challenges and dealing with any resultant liquidity crunch. However, companies which meet the exit criteria under the listing rules and wish to exit the Financial Watch-List may still do so.

The SGX RegCo noted that given the unprecedented and unforeseen conditions due to COVID-19, it would be unduly prejudicial to place issuers on the Financial Watch-List during this period. The Suspension would also allow issuers to focus on meeting the current business and economic challenges and dealing with any resultant liquidity issues.

The SGX RegCo also highlighted that it may extend the Suspension if appropriate.

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Enhanced Share Issue Limit for Mainboard Issuers

Under the second measure, Mainboard issuers may seek a general mandate for an issue of pro-rata shares and convertible securities of up to 100% of its share capital (excluding treasury shares and subsidiary holdings in each class) ("**Enhanced Share Issue Limit**"). In contrast, the current limit is 50%.

This does not, however, affect the limit on the aggregate number of shares and convertible securities issued other than on a pro rata basis, which is 20%.

The Enhanced Share Issue Limit is subject to these conditions:

1. the Board of Directors must confirm to the SGX RegCo that the Enhanced Share Issue Limit is in the interest of the issuer and its shareholders;
2. the issuer must comply with any applicable legal requirements governing the issuer and its constitution arising from the Enhanced Share Issue Limit;
3. the issuer can issue not more than 100% of the issuer's total number of issued shares excluding treasury shares and subsidiary holdings in each class at the conclusion of the first annual general meeting ("**AGM**") following the passing of the resolution on the general mandate for the Enhanced Share Issue Limit;
4. the issuer must disclose the following in the notice of general meeting:
 - a. why the Board of Directors is of the view that the Enhanced Share Issue Limit is in the interest of the issuer and its shareholders, and their basis for forming such views;
 - b. that the Enhanced Share Issue Limit may be renewed annually during the issuer's AGM and is only valid until 31 December 2021;
 - c. the shares pursuant to the Enhanced Share Issue Limit must be listed by 31 December 2021, and no further shares shall be issued under this limit after this date;
 - d. if the issuer has utilised any part of the existing share issue mandate ("**Existing Amount Used**") and it is seeking a general mandate for the Enhanced Share Issue Limit at an extraordinary general meeting ("**EGM**"), the issuer must disclose, as at the date before the EGM, the remaining balance that would be available under the Enhanced Share Issue Limit after deducting the Existing Amount Used;
5. after the general mandate for the Enhanced Share Issue Limit has been approved by shareholders, the issuer must notify the SGX RegCo (by sending an email to enhancedsharelimit@sgx.com) of the following:
 - a. name of issuer; and

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- b. date on which such general mandate is approved by shareholders; and
- 6. the issuer must disclose that it is utilising the Enhanced Share Issue Limit in its announcement of an issue of shares or convertible securities in this regard.

The SGX RegCo also stated that the notice of general meeting need not be cleared with SGX RegCo and no circular is required.

The Enhanced Share Issue Limit is effective from 8 April 2020 until 31 December 2021.

The SGX RegCo's announcement may be found

at <https://www.sgx.com/media-centre/20200408-sgx-regco-announces-measures-support-issuers-amid-challenging-covid-19>

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