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SECURITIES AND FUTURES ACT
(CHAPTER 289)

SECURITIES AND FUTURES
(MARKET CONDUCT) (EXEMPTIONS)
REGULATIONS 2006

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In exercise of the powers conferred by section 337 (1) of the Securities and Futures Act, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Securities and Futures (Market Conduct) (Exemptions) Regulations 2006 and shall come into operation on 6th March 2006.

Definitions

- 2.** In these Regulations, unless the context otherwise requires —
- “closing date”, in relation to an offer, means the date specified in the offer document as the last date for the submission of applications for subscription or purchase of the securities being offered;

“dealer” —

- (a) means a person who is the holder of a capital markets services licence to deal in securities; and
- (b) in regulation 3 only, includes a person who is licensed, approved, authorised or otherwise regulated under the laws, codes or other requirements of any foreign jurisdiction in respect of dealing in securities;

“issuer”, in relation to an offer, means the person who issues the securities being offered or, where the securities have been issued, the person making the offer;

“offer” means an offer to the public for subscription or purchase of securities in conjunction with the listing of such securities on a securities exchange, or on both a securities exchange and an overseas securities exchange, as the case may be, where the securities are not previously listed on any securities exchange or overseas securities exchange;

“offer document” means any notice, circular, material, advertisement, publication or other document inviting applications or offers from the public to subscribe for or purchase securities in conjunction with the listing of the securities on a securities exchange, or on both a securities exchange and an overseas securities exchange, including but not limited to a prospectus or a profile statement as defined in section 239 (1) of the Act or an offer information statement referred to in section 277 (1) (b) of the Act;

“offer price”, in relation to an offer, means the price of the securities being offered or, where the securities are offered in more than one tranche at different prices, the highest price offered, after deducting any concession, commission, brokerage, transaction fee or levy;

“over-allotment”, in relation to an offer, means the allotment or sale of a number of the relevant securities in excess of the number of the securities available for subscription or purchase under the offer;

“relevant securities”, in relation to an offer, means the securities which are, or when issued will be, uniform in all respects with the securities being offered under the offer, and includes the securities being offered under the offer;

“stabilising action”, in relation to an offer, means the action taken in Singapore or elsewhere by a stabilising manager, or by a dealer on behalf of the stabilising manager —

(a) where the securities being offered under the offer are debentures, to buy, or to offer or agree to buy, any relevant securities; or

(b) in any other case, to buy, or to offer or agree to buy, any relevant securities on the securities market,

in order to stabilise or maintain the market price of such securities in Singapore or elsewhere;

“stabilising manager”, in relation to an offer, means a person —

(a) who is appointed in writing by the issuer of an offer to take stabilising action in respect of the offer; and

(b) whose appointment under paragraph (a) is notified to the securities exchange on which the relevant securities are or are intended to be listed before the closing date of the offer.

Exemption for stabilising action during offer

3.—(1) Sections 197, 198, 218 (2) and 219 (2) of the Act shall not apply in relation to —

(a) any stabilising action taken in respect of an offer of securities where the relevant securities are not listed, and are not intended to be listed, on a securities exchange; or

(b) any stabilising action described in paragraph (2) and which is undertaken by the stabilising manager, or by a dealer on behalf of the stabilising manager, subject to paragraphs (3) to (16) being complied with.

(2) For the purpose of paragraph (1) (b), the stabilising action taken shall be in respect of an offer of securities where —

(a) the relevant securities are or are intended to be listed on a securities exchange or on both a securities exchange and an overseas securities exchange, as the case may be;

(b) the total value of the securities being offered, calculated based on the offer price, is not less than \$25 million (or its equivalent in a foreign currency);

(c) in the case where the securities being offered are debentures, the total nominal value of the debentures that the stabilising

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- manager buys to undertake stabilising action does not exceed 20% of the total nominal value of the debentures being offered prior to any over-allotment, if applicable;
- (d) in the case where the securities being offered are not debentures, the total number of the securities that the stabilising manager buys to undertake stabilising action does not exceed 20% of the total number of the securities being offered prior to any over-allotment, if applicable;
- (e) the offer document states —
- (i) that stabilising action may be taken in respect of the relevant securities;
 - (ii) the maximum period during which stabilising action may be taken;
 - (iii) the total nominal value or number, as the case may be, of the securities which are the subject of an over-allotment option, if applicable; and
 - (iv) the total nominal value or number, as the case may be, of the relevant securities that the stabilising manager may buy to undertake stabilising action, which shall not exceed the value or number prescribed in sub-paragraph (c) or (d), as the case may be;
- (f) a public announcement has been made, through the securities exchange on which the relevant securities are or are intended to be listed, on the business day of that securities exchange immediately following the closing date of the offer, stating —
- (i) that such securities may be subject to stabilising action;
 - (ii) the maximum period during which stabilising action may be taken;
 - (iii) the total nominal value or number, as the case may be, of the securities which are the subject of an over-allotment option, if applicable; and
 - (iv) the total nominal value or number, as the case may be, of the relevant securities that the stabilising manager may buy to undertake stabilising action, which shall not exceed the value or number prescribed in sub-paragraph (c) or (d), as the case may be; and
- (g) the offer is on cash terms and is to be, is or has been, made at a specified price payable in any currency.

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- (3) The stabilising manager —
- (a) shall take stabilising action only after he is reasonably satisfied that the price of the relevant securities is not false or misleading; and
 - (b) shall continue with the stabilising action only after he is reasonably satisfied that the price of the relevant securities has not become false or misleading other than by reason of any stabilising action.
- (4) No stabilising action shall be taken before the following date:
- (a) where the relevant securities are debentures, the date on which the earliest public announcement of the offer which states the offer price is made through the securities exchange on which the relevant securities are or are intended to be listed;
 - (b) in any other case —
 - (i) the date of commencement of trading in the securities being offered on the securities exchange or the overseas securities exchange, as the case may be; or
 - (ii) where the relevant securities are offered on both the securities exchange and the overseas exchange, the earlier of the dates of commencement of trading in the securities on these exchanges.
- (5) No stabilising action shall be taken —
- (a) where the relevant securities are debentures, after the earlier of the following dates:
 - (i) the date of expiry of the period of 30 calendar days from the date of commencement of trading in the securities being offered on the securities exchange or the overseas securities exchange, or the date of expiry of the period of 60 calendar days from the date on which the earliest public announcement of the offer which states the offer price is made through the securities exchange on which the relevant securities are or are intended to be listed, whichever is the earlier;
 - (ii) the date on which the stabilising manager has bought, whether on the securities exchange, the overseas securities exchange or both, the total nominal value

or number, as the case may be, of the relevant securities that the stabilising manager may buy to undertake stabilising action as stated in the offer document under paragraph (2) (e);

- (b) in any other case, after the earlier of the following dates:
- (i) the date of expiry of the period of 30 calendar days from the date of commencement of trading in the securities being offered on the securities exchange or the overseas securities exchange;
 - (ii) the date that the stabilising manager has bought, whether on the securities exchange, the overseas securities exchange or both, the total nominal value or number, as the case may be, of the relevant securities that the stabilising manager may buy to undertake stabilising action as stated in the offer document under paragraph (2) (e).

(6) No stabilising action may be taken in respect of an offer of securities (other than debentures) at a price higher than the price specified in the second column of the Schedule, or its equivalent in a foreign currency based on the relevant exchange rate immediately prior to each stabilising action, under the circumstances corresponding to that price in the first column thereof.

(7) Subject to paragraph (8), the stabilising manager shall not effect or cause to be effected, directly or indirectly, any sell order of the relevant securities prior to the date of commencement of each stabilising action or during the period in which stabilising action is permitted under this regulation.

(8) Nothing in paragraph (7) shall prohibit —

- (a) the stabilising manager; or
- (b) an associate of the stabilising manager, in the associate's capacity as a dealer,

from executing any sell order of the relevant securities for a person who is not an associate of the issuer of the offer of securities.

(9) The stabilising manager shall —

- (a) keep a register in such form as the securities exchange on which the relevant securities are listed may require; and
- (b) record in the register the particulars of each transaction to buy the relevant securities entered into in connection with

the stabilising action, including the price, quantity and name of the dealer, before the end of the day on which the transaction is entered into.

(10) Where the register referred to in paragraph (9) is kept in Singapore, it shall be made available by the stabilising manager for inspection by the Authority, or the securities exchange on which the relevant securities are listed, within such time as may be stipulated by the Authority or that securities exchange, as the case may be.

(11) Where the register referred to in paragraph (9) is kept outside Singapore —

(a) it shall be capable of being brought into Singapore and made available by the stabilising manager for inspection by the Authority, or the securities exchange on which the relevant securities are listed, within such time as may be stipulated by the Authority or that securities exchange, as the case may be; or

(b) if it is not capable of being brought into Singapore, a copy of the register certified to be a true copy by the stabilising manager shall be brought into Singapore and made available by the stabilising manager for inspection by the Authority, or the securities exchange on which the relevant securities are listed, within such time as may be stipulated by the Authority or that securities exchange, as the case may be.

(12) The stabilising manager shall —

(a) before the closing date of the offer of securities, inform the securities exchange on which the relevant securities are or are intended to be listed of the name of any dealer, whether in Singapore or elsewhere, appointed by the stabilising manager to take the stabilising action; and

(b) inform that securities exchange of any subsequent change of dealer immediately upon such change.

(13) Where, pursuant to any stabilising action, a transaction to buy any relevant securities (other than debentures) has been effected, the stabilising manager shall make a public announcement through the securities exchange on which the relevant securities are listed of the number of the securities bought by the stabilising manager and the price range, no later than 12 noon on the first full trading day of that securities exchange immediately following the day on which the transaction was effected, whether in Singapore or elsewhere.

(14) The stabilising manager shall make a public announcement through the securities exchange on which the relevant securities are listed of the cessation of any stabilising action, whether in Singapore or elsewhere, no later than the start of the trading day of that securities exchange immediately following the day of cessation of the stabilising action.

(15) No stabilising action in respect of an offer shall be taken after the public announcement of the cessation referred to in paragraph (14).

(16) For the purposes of this regulation, whether a person is an associate of another person shall be ascertained in accordance with section 4 (6) of the Act.

Exemption in bond dealings

4.—(1) Sections 197 and 198 of the Act shall not apply to dealings in bonds entered into by a corporation with —

- (a) an accredited investor; or
- (b) a person whose business involves the acquisition and disposal of or holding of securities (whether as principal or as agent).

(2) In this regulation, “bonds” includes —

- (a) notes, bonds and Treasury Bills; and
- (b) options in respect of any note, bond or Treasury Bill referred to in sub-paragraph (a).

Exemption from sections 218 (2) and 219 (2) of Act in certain circumstances

5.—(1) Sections 218 (2) and 219 (2) of the Act shall not apply in relation to —

- (a) the obtaining by a director of a share qualification in accordance with section 147 of the Companies Act (Cap. 50);
- (b) the subscription for, and acquisition pursuant to that subscription of, securities of a corporation by, or by a trustee for, an employee of the corporation, or of a corporation that is deemed to be related to the first-mentioned corporation by virtue of section 6 of the Companies Act, under a superannuation scheme, pension fund or other scheme established solely or primarily for the benefit of employees of the first-mentioned or second-mentioned corporation;

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- (c) a transaction in securities entered into by a person as a market-maker in securities to which that transaction relates;
 - (d) a transaction entered into by a personal representative of a deceased person, a liquidator or the Official Assignee under the Bankruptcy Act (Cap. 20) in good faith in the performance of the functions of his office as such personal representative or liquidator or the Official Assignee;
 - (e) a transaction by way of, or arising out of —
 - (i) a mortgage or charge of securities; or
 - (ii) a mortgage, charge, pledge or lien of documents of title to securities; or
 - (f) a transaction entered into by the manager of an issue of securities, in accordance with his obligations as such and under an agreement with the issuer or corporation.
- (2) In this regulation, “market-maker”, in relation to a securities transaction, means a person who —
- (a) enters into the transaction for his own account;
 - (b) regularly publishes bona fide competitive bids and offers quotations in respect of those securities;
 - (c) is ready, willing and able to effect transactions in respect of those securities at their quoted prices with other persons; and
 - (d) where the person is a dealer, is recognised as a market-maker by the Singapore Exchange Securities Trading Limited and the Authority.

Revocation

6. The Securities and Futures (Market Conduct) (Exemptions) Regulations (Rg 12) are revoked.

Transitional provision

7.—(1) Where the prospectus (within the meaning of section 239 (1) of the Act) in respect of an initial public offer is lodged with the Authority at any time before 6th April 2006, any stabilising action taken in accordance with regulation 3 of the Securities and Futures (Market Conduct) (Exemptions) Regulations (Rg 12) in force immediately before 6th March 2006 shall be deemed to be a stabilising action taken in accordance with regulation 3.

(2) In this regulation, “initial public offer” means the first offer to the public for subscription or purchase of securities in conjunction with the listing of such securities on a securities exchange.

THE SCHEDULE

Regulation 3 (6)

MAXIMUM PRICES FOR STABILISING ACTION

| <i>First column</i> | <i>Second column</i> |
|---|--|
| <i>Circumstances</i> | <i>Price</i> |
| (1) Initial stabilising action | The offer price. |
| (2) After initial stabilising action, where there has been an independent transaction on a securities exchange or an overseas securities exchange, as the case may be, in the relevant securities at a price greater than the stabilising price | The offer price or the price at which the independent transaction was carried out, whichever is the lower. |
| (3) After initial stabilising action, if there was no independent transaction as specified in item (2) | The offer price or initial stabilising price, whichever is the lower. |

Made this 28th day of February 2006.

HENG SWEE KEAT
Managing Director,
Monetary Authority of Singapore.

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