

**CLRFC RECOMMENDATIONS REQUIRING
AMENDMENTS TO THE SECURITIES AND FUTURES ACT**

**(A) Recommendations to be implemented in the Securities and Futures
(Amendment) Bill 2003**

CLRFC Recommendation	Implementation
<p><u>Disclosure Documents</u></p> <p>□ To abolish the abridged prospectus and its replacement with a common standard filing, which would be required for rights and other similar offerings regulated by a statement of material facts (which should be renamed to more accurately describe its significance and content).</p>	To amend Part XIII Div 1, s256 & 277.
<p><u>Exemption of offers made in connection with a takeover offer</u></p> <p>□ To exempt from prospectus requirements offer documents made in connection with a takeover offer which is in compliance with the applicable laws of the country of incorporation of the target company.</p>	To amend Part XIII Div 1, s273.
<p><u>Exemption of offers of listed covered warrants</u></p> <p>□ To exempt from prospectus requirements the following issues of covered warrants:-</p> <p>(a) primary issues of listed covered warrants over securities listed on the Singapore Exchange (SGX). SGX should be the agency to prescribe the disclosure requirements for listed covered warrants.</p> <p>(b) issues of listed covered warrants where the underlying securities are previously issued and listed on recognised international exchanges.</p>	To amend Part XIII Div 1, s273.
<p><u>Exemption of offers of securities to employees</u></p> <p>□ To exempt from prospectus requirements offers of securities by a company to bona fide employees or former employees of the company or a company in</p>	To amend Part XIII Div 1, s273.

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<p>the same group or the wife, husband, widow, widower or child or stepchild under the age of 18 of such employee or former employee.</p>	
<p><u>Refinement of Existing Exemptions</u></p> <ul style="list-style-type: none"> □ To repeal Section 256 of the SFA. Rights issues by listed issuers would have to comply with Section 277 of the SFA and a statement of material facts must be issued. 	<p>To amend Part XIII Div 1, s256 & 277.</p>
<p><u>Refinement of Existing Exemptions</u></p> <ul style="list-style-type: none"> □ To dispense with the current requirement to lodge the information memoranda and Form 3 with the MAS. 	<p>To amend Part XIII, Div 1, s275(2), 280(1) & Div 2, s305(3).</p>
<p><u>Refinement of Existing Exemptions</u></p> <ul style="list-style-type: none"> □ Offers exempted under Section 273(3) of the SFA should not be required to file a notice to invoke the exemption. Sections 280(2) – (5) of the SFA should be repealed. Issuers invoking the exemption under Section 273(3) of the SFA need not maintain a register of such issues 	<p>To amend Part XIII Div 1, s280(2)-(5).</p>
<p><u>Public Offerings of Debentures</u></p> <ul style="list-style-type: none"> □ To repeal Section 244 and clarify that deposits with banks are not “debentures” for the purposes of Part XIII of the SFA. 	<p>To amend Part XIII Div 1, s244</p>
<p><u>Differing Regulation of Public Offers of Shares and Public Offers of Debentures</u></p> <ul style="list-style-type: none"> □ To remove the statutory requirements pertaining to the appointment of trustees and prescribed covenants for public offerings of debentures, and to confer the rights on the MAS, the Singapore Exchange Securities Trading Limited and debenture holders to apply to the court to compel a trustee to perform his duties as set out in the trust deed. 	<p>To amend Part XIII Div 1, s261, 262, 263, 264, 266, 267 & 270.</p>

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<p><u>Subsequent Sales of shares or debentures</u></p> <ul style="list-style-type: none"> □ To permit the subsequent sales of shares or debentures (both listed and unlisted), which are first acquired pursuant to the Sections 274 and 275 exemptions in the SFA, at any time after six months from the date of initial acquisition. During the six-month restriction period, the shares or debentures can only be sold to institutional investors and sophisticated investors. 	To amend Part XIII Div 1, s276(3) & (4).
<p><u>Collective Investment Schemes</u></p> <ul style="list-style-type: none"> □ To permit subsequent sales of units which are first acquired by institutional investors pursuant to an exemption under section 304 to other institutional investors, and to permit subsequent sales of units which are first acquired by sophisticated investors pursuant to an exemption under section 305 to institutional and other sophisticated investors. 	To amend Part XIII Div 2 s304 and 305.

(B) Recommendations to be implemented in the Securities and Futures (Amendment) Bill 2004

CLRFC Recommendation	Implementation
<p><u>“Public, Private and Exempted Offers” and the Prospectus Regime</u></p> <ul style="list-style-type: none"> □ To replace the existing boundaries between public and private offerings by an approach which requires a full prospectus for all offerings of securities, unless the offering is an exempted offering. A comprehensive list of exemptions or “safe harbours”, which comprises the existing universe of exempted offerings as well as private offerings, should be provided. The Minister or the Monetary Authority of Singapore should be empowered to prescribe further exemptions for other forms of capital raising which merit exemption. 	To amend Part XIII

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<p><u>Private Placement Exemption</u></p> <ul style="list-style-type: none"> □ To introduce a private placement exemption for offers to up to 20 pre-identified offerees to raise unlimited funds without any statutorily prescribed prospectus content or filing, and without resale restrictions. The Minister should be empowered to raise the threshold number of pre-identified offerees when appropriate. 	To amend Part XIII.
<p><u>Small Offering Exemption</u></p> <ul style="list-style-type: none"> □ To introduce a small offering exemption for offers of up to S\$5 million (computed based on the funds raised) in 12 months to offerees who have: <ul style="list-style-type: none"> (a) previous contact with the person making the offer; or (b) some professional or other connection with the person making the offer; or (c) indicated that they are interested in offers of that kind through some statements of actions. □ Resale restrictions should be imposed for six months after the allotment or purchase of securities made pursuant to the small offering exemption to confine such resales to persons who have similar relationships with the offeror. Any offering materials must include a statement on the front cover of the offering materials to notify offerees that the shares or debentures are being offered pursuant to the small offering exemption. 	To amend Part XIII.