Monetary Authority of Singapore

Consultation Paper

P006-2025 – May 2025

Consultation Paper on Proposals to Streamline Prospectus Requirements and Broaden Investor Outreach Channels for Initial Public Offerings

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1. Preface

1.1. On 21 February 2025, the Equities Market Review Group announced its first set of measures to strengthen the competitiveness of Singapore's equities market. The first set of regulatory-related measures include proposals to streamline prospectus disclosure requirements and facilitate the profiling of offers, and to streamline listing requirements and processes of the Singapore Exchange ("SGX") in parallel[1].

1.2. MAS is now consulting on the proposed amendments to streamline the prospectus disclosure requirements and facilitate the profiling of offers. In formulating the proposed amendments, MAS has taken into consideration feedback and suggestions provided by industry stakeholders, as well as the requirements and practices in other major markets. The amendments fall into three main areas of focus.

1.3. **First, to streamline the prospectus disclosure requirements for *primary listings***, with the aim of sharpening the focus on core requirements that are key to informed decision-making by investors, while maintaining alignment with international standards. These proposed amendments, found in the Fourth and Fifth Schedules to the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations ("SF(OI)(SSDC)R"), relate to prospectus disclosure requirements for offers of shares undertaken by issuers who are seeking a primary listing on SGX (the "Primary Listing Offers")[2].

1.4. **Second, to simplify the process for *secondary listings*** by proposing a new set of prospectus disclosure requirements for offers of shares undertaken by issuers who have or are seeking a primary listing on certain overseas exchanges and are seeking a secondary listing on SGX (the "Secondary Listing Offers")[3]. This should enable such issuers to prepare their prospectuses based on disclosure documents lodged in their home markets, with minimal adaptation. These requirements are found in the proposed Twenty-Second and Twenty-Third Schedules to the SF(OI)(SSDC)R.

1.5. **Third, policy proposals to provide more flexibility and scope for engaging investors in the initial public offering ("IPO")[4] process.**

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[1] Singapore Exchange Regulation will be consulting on the relevant proposed amendments to SGX's listing rules.
[2] The proposed amendments (with relevant modifications) will also be made to the other schedules (e.g., Seventeenth Schedule), where applicable.
[3] MAS will consider whether and how to extend this new set of requirements to offers of units in business trusts.
[4] Amendments to Part 13 of the Securities and Futures Act 2001 and/or the relevant subsidiary legislation may be needed to effect these proposals.

1.6. MAS invites comments from all financial institutions, issuers, professional firms and interested parties. Please note that all submissions received will be published and attributed to the respective respondent unless they expressly request MAS not to do so. As such, if respondents would like –

(a) their whole submission or part of it (but not their identity); or

(b) their identity along with their whole submission,

to be kept confidential, please expressly state so in the submission to MAS. MAS will only publish non-anonymous submissions. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libelous or offensive.

1.7. Please submit your written comments through the link below by 14 June 2025: https://form.gov.sg/65f254dee7798cdb748ffd09.

2. Streamlining Prospectus Requirements

Primary Listing Offers

2.1. MAS is proposing amendments to streamline the prospectus disclosure requirements for Primary Listing Offers to refocus on core disclosure requirements so that there is clear disclosure of the most relevant and material information to investors. The amendments seek to ensure that the time and effort taken to prepare a prospectus is commensurate with its value to potential investors by requiring more relevant and decision-useful disclosures.

2.2. The key amendments proposed are broadly categorised as follows.

(a) Amendments to drive more targeted and meaningful disclosures:

(i) <u>Example 1: Conflict of Interests</u>. Issuers are currently required to disclose the list of all entities owned by its directors or controlling shareholder that carry on the same business as the issuer. This requirement may result in the disclosure of voluminous details about the entities, especially in the case where an issuer is part of a large conglomerate. To drive more targeted disclosure, the existing requirement will be streamlined to require issuers to provide clear disclosure on the core substance of conflicts faced, instead of purely factual information about the entities.

(ii) <u>Example 2: Production Facilities</u>. Issuers are currently required to disclose historical datapoints about the capacity and utilisation rates for each of its production facilities. This requirement could result in a significant amount of technical information being disclosed, especially when the issuer has many different business units and production lines. Such disclosure may also not be relevant for businesses that are less production-based. Hence, instead of the current prescriptive approach, the existing requirement will be streamlined to allow issuers more room to explain their operational capacity without overly technical specifications and in a way that is appropriate for the industry that they are operating in.

(b) Amendments to ensure that time and costs needed to compile the requisite information is commensurate with its informational value to investors:

(i) <u>Example 1: Interim Financial Statements</u>. Currently, issuers are required to include in the prospectus interim financial statements that cover either the first 3, 6 or 9-month period of the current financial year if the end of the financial year covered by the last full year financial statements included in the prospectus is more than 6, 9 or 12 months before the lodgement of the prospectus, respectively. In line with the practices in the United States ("US") (for foreign private issuers), European Union ("EU") and United Kingdom ("UK"), we propose to only require the inclusion of interim financial statements covering at least the first 6 months of the current financial year if the end of the financial year covered by the last full year financial statements included in the prospectus is more than 9 months before the lodgement of the prospectus. This change will allow issuers to better manage their IPO timing, as they will have a longer window to launch the IPO without having to prepare and include the interim financial statements (a process which usually takes several months). A longer launch window is especially important in times of high market volatility.

(ii) Example 2: Profit Forecast. Currently, the inclusion of a profit forecast in the prospectus must be accompanied by a third-party attestation[5]. Profit forecasts are useful to investors in assessing issuers' financial prospects. However, there has been feedback that it is often challenging for issuers to obtain attestations from professional firms, as a profit forecast normally involves a high degree of business judgment by the issuer. The onus should thus be on the issuer's board to ensure that the profit forecast is prepared in a manner that is consistent with the issuer's accounting policies and the assumptions underlying the profit forecast are reasonable. As such, we propose to require the issuer's board to provide the necessary attestation, instead of a third-party. This is in line with the approach in the EU and UK[6].

2.3. Aside from the above, MAS is also proposing amendments to reduce the scope of disclosures required of past events or historical details where these are less relevant to investors, such as past share capital changes of and dividends paid by an issuer's subsidiaries.

2.4. Further details of the proposed amendments, including the rationale for the amendments, can be found in Annex 1.

Question 1. MAS seeks comments on the draft amendments to the Fourth and Fifth Schedules to the SF(OI)(SSDC)R.

Secondary Listing Offers

2.5. Currently, issuers that are keen on a secondary listing in Singapore and wish to offer shares to retail investors in conjunction with the listing are required to comply with the same prospectus disclosure requirements as an issuer who is seeking a primary listing in Singapore. As there are differences between Singapore's requirements and requirements imposed in the markets of the

[5] Attestations from the issue manager and auditor regarding the preparation of the profit forecast and underlying assumptions for the profit forecast.
[6] Other markets like the US and Australia do not require such attestations from the board or a third-party.

issuers' primary listings, issuers will have to seek exemptions from specific requirements in Singapore, resulting in additional time and cost.

2.6. Most established markets adopt the international disclosure standards promulgated by the International Organization of Securities Commissions[7] ("IOSCO Standards") as the baseline, and augment these with some specific requirements. MAS notes that issuers seeking a secondary listing on SGX would already have to observe prospectus disclosure requirements in their home markets that are aligned with the IOSCO Standards. MAS proposes to simplify the secondary listing prospectus disclosure requirements and align them closely with the IOSCO Standards. This supports the compatibility of these simplified requirements with the disclosure requirements of the home markets. This approach streamlines the process and reduces regulatory friction, as applicants will be able to use the offer documents lodged in their home markets for their Singapore offerings, with minimal adaptation.

2.7. The proposed disclosure requirements for Secondary Listing Offers will apply to issuers who are or will be primary-listed on recognised exchanges[8].

2.8. Further details can be found in Annex 2.

Question 2. MAS seeks comments on the draft Twenty-Second and Twenty-Third Schedules and the amendments to the SF(OI)(SSDC)R.

[7] In particular, the *International Disclosure Standards for Cross-Border Offerings and Initial Listings by Foreign Issuers*.
[8] As set out in the draft Twenty-Third Schedule to the SF(OI)(SSDC)R.

3. Broadening Investor Outreach Channels for IPOs

3.1. MAS proposes to allow issuers more flexibility and scope to engage potential investors earlier in the IPO process. This is in response to industry feedback that greater flexibility for issuers to profile themselves and gauge investors' interests in the earlier stages of their planned IPOs will support their bookbuilding efforts and enhance the chances of a successful IPO.

Permit Earlier Engagement with Retail Investors

3.2. The Securities and Futures Act 2001 ("SFA") sets out certain restrictions[9] as to when an issuer may publicise its offer and engage with investors ("publicity restrictions"). Specifically, an issuer undertaking an IPO may only disseminate a prospectus, profile statement, or a product highlights sheet to retail investors[10] after it has been registered by MAS. This also means that engagement with retail investors can only take place after prospectus registration. These publicity restrictions are intended to mitigate the risk of retail investors placing undue reliance on preliminary prospectuses that are subject to further amendments or on certain representations made by issuers during the engagements.

3.3. We have received feedback that the current publicity restrictions limit the ability of issuers to profile themselves to retail investors earlier in the IPO process. Allowing issuers to disseminate their preliminary prospectuses and engage retail investors earlier could give retail investors more time to read the prospectus and familiarise themselves with the issuer's business and offer. We also note that even though issuers are presently prohibited from directly disseminating the preliminary prospectuses to retail investors, retail investors are able to access preliminary prospectuses as these are publicly available on the OPERA website. Thus, there is scope to consider re-calibrating the publicity restrictions to provide more flexibility to issuers.

3.4. MAS proposes to allow issuers to, upon lodgment, disseminate the preliminary prospectus and present oral or written material on matters contained in the preliminary prospectus to retail investors (including during roadshows).

[9] Section 240(17)/296(14) of the SFA expressly prohibits the issuance, circulation or distribution of a prospectus or profile statement before it has been registered by the Authority. While section 251(3)/300(2A) provides certain exceptions to the prohibition, the exceptions only apply to dissemination of the relevant documents to institutional investors, relevant persons as defined in section 275(2)/305(5), and persons to whom an offer is made, pursuant to section 275(1A)/305(2).

[10] For the purposes of this consultation paper, the term "retail investors" refers to investors who are not accredited investors, institutional investors, other relevant persons as defined in section 275(2)/305(5) of the SFA, and persons to whom an offer is made as described in section 275(1A)/305(2) of the SFA.

3.5. To address the risk highlighted in paragraph 3.2 above, we intend to introduce a set of safeguards that serves to alert investors to the fact that there could be changes to the preliminary prospectus and prohibit issuers from communicating information that is not found in the preliminary prospectus. In particular, we will require that:

(a) the preliminary prospectus clearly state that it is subject to further amendments and completion;

(b) no offer be made on the basis of the preliminary prospectus; and

(c) upon registration of the prospectus, the person who had disseminated the preliminary prospectus must take reasonable steps to notify recipients of the preliminary prospectus that the registered prospectus is available for collection.

3.6. Issuers will also not be allowed to make any offer to or solicit any subscription from the retail investors that they engage with until the final prospectus is registered.

Provide Flexibility for Issuers to Engage Potential Institutional Investors ("IIs") and Accredited Investors ("AIs") Earlier

3.7. Currently, issuers can only disseminate a preliminary prospectus as well as oral or written material to IIs and AIs after the prospectus is lodged. We have received feedback from industry practitioners that it is important for issuers to be able to conduct pre-marketing outreach to such investors earlier in the offering process (prior to the lodgment of the preliminary prospectus) to gauge market interest, especially in situations where the issuer is pursuing concurrent offerings in Singapore and another jurisdiction which allows such outreach[11].

3.8. In view of the above feedback, MAS proposes to provide more flexibility for issuers to engage IIs and AIs by allowing issuers to present oral or written material about the intended IPO at any time prior to the lodgment of the preliminary prospectus.

3.9. As information shared at this stage is still subject to change and non-public, it is important to ensure that IIs and AIs are alerted when the preliminary and registered prospectuses are ready, and that the risk of IIs and AIs circulating such pre-marketing material to others, especially retail investors, is mitigated. In addition, there is a need to ensure parity of information between pre-marketing materials shared with IIs and AIs and the preliminary and registered prospectuses made available to all investors. We will therefore require that such engagements be subject to the following safeguards:

[11] For instance, issuers in the US are able to gauge market interest in an IPO through discussions with certain institutional investors prior to and after the public filing of a registration statement, a practice known as "Testing-the-waters".

(a) it should be made clear to IIs and AIs that any material shared is subject to amendments and completion and no onward circulation of such material is permitted;

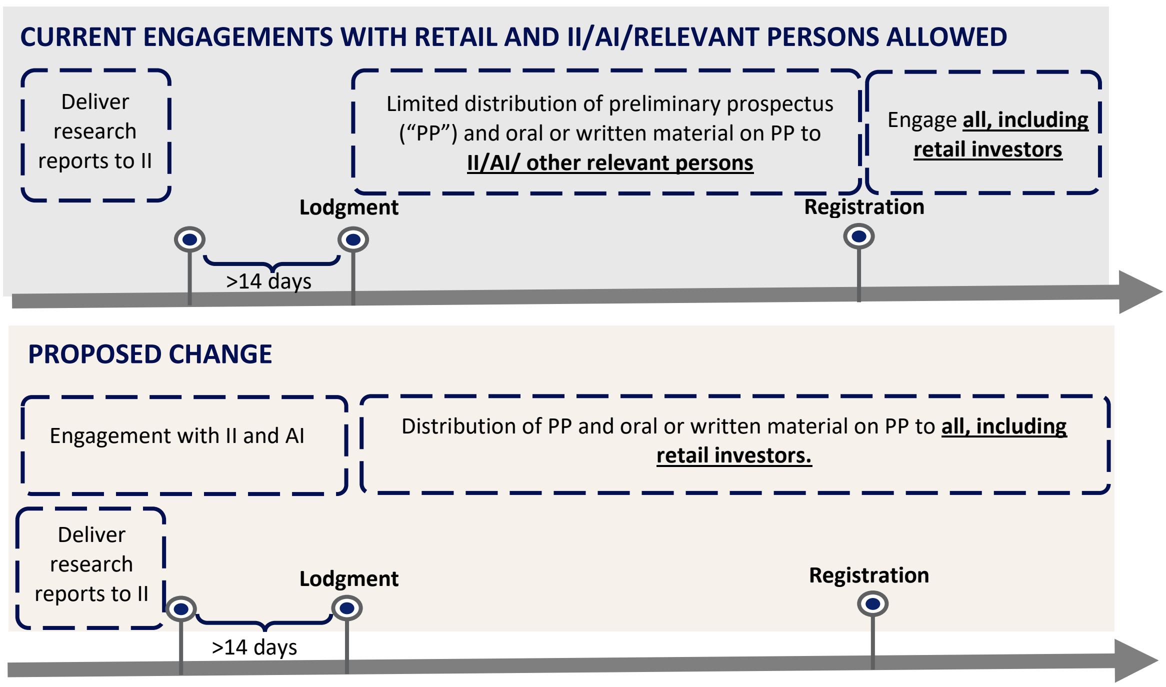
(b) when the preliminary and registered prospectuses are available, issuers must take reasonable steps to notify the IIs and AIs of the same;

(c) issuers should submit materials presented to IIs and AIs to MAS, upon request;

(d) no offer may be made on the basis of the material presented; and

(e) all information in the material presented must be included in and consistent with information in the prospectus.

3.10. A summary of the proposed changes to allow earlier engagements with investors is reflected below:



Question 3. MAS seeks comments on the proposal to permit the (i) dissemination of the preliminary prospectus; and (ii) presentation of oral or written material (including in roadshows conducted) on matters contained in the preliminary prospectus to any person (including retail investors), upon lodgment of the preliminary prospectus, as well as on whether the proposed safeguards are sufficient and if there are other safeguards to be considered.

Question 4. MAS seeks comments on the proposal to provide more flexibility for issuers (and anyone acting on their behalf) to engage IIs and AIs by presenting oral or written material about the intended IPO, at any time prior to the lodgment of the preliminary prospectus, as well as on whether the proposed safeguards are sufficient and if there are other safeguards to be considered.

Expand the Scope of Information Issuers can Provide

3.11. Presently, unless otherwise authorised under the SFA, only the following information is allowed to be disseminated to the public before registration of a prospectus or profile statement:

(a) a statement that identifies the relevant product offered, the person making the offer and relevant entities (e.g., issuer or underlying entity, as the case may be);

(b) a statement that a prospectus or profile statement for the offer will be made available when the offer is made;

(c) a statement that anyone wishing to acquire the relevant products will need to make an application in the manner set out in the prospectus or profile statement; and

(d) a statement of how to obtain, or arrange to receive, a copy of the prospectus or profile statement[12].

3.12. MAS proposes to expand the scope of information that issuers can provide to the public before registration of the prospectus or profile statement to include anticipated timing, manner and purpose of the intended offer[13].

Question 5. MAS seeks comments on the proposal to expand the scope of information that issuers can provide to the public before registration of the prospectus or profile statement to include anticipated timing, manner and purpose of the intended offer.

[12] Where there is an offer of units in collective investment schemes ("CIS"), information on the investment focus of the CIS may also be provided under section 300(3A)(e) of the SFA.

[13] For instance, additional information on when the offer is anticipated to be made, the manner through which the offer will be made, e.g., through banks' ATMs or internet banking portal, and the intended use of proceeds of the offer may be provided.

4. List of Questions