

# Split SGX's roles, mandate internal auditors: SIAS

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SEPARATE the Singapore Exchange's (SGX) commercial and regulatory functions, mandate full-time internal auditors and require new listings to have compliance advisers, Securities Investors Association of Singapore (SIAS) president David Gerald urged on Friday at the retail investor advocacy group's annual awards dinner.

Mr Gerald said that those changes would increase investor protection and confidence in the main board, which has had more corporate scandals over the past couple of years than SGX's Catalist board despite having higher admission hurdles. Catalist operates under a sponsor regime, in which a financial institution takes on the role of supervisor to ensure that a listed company complies with listing rules. The use of sponsors gives supervision the benefit of ground-level intimacy, Mr Gerald said. A sponsor regime may not be ideal for the main board, but the principles of ground-level supervision can be replicated, he argued.

All new mainboard listings should engage a compliance adviser, preferably the listing manager, for at least two annual general meetings so that new boards are familiar with market requirements, Mr Gerald said.

Listed companies should also be required to appoint a full-time internal auditor, which would be a step up from the current Code of Corporate Governance recommendation to simply have an internal-audit function.

Beyond targeting the listed companies, SGX itself may need to undergo changes. Mr Gerald argued that SGX should stop wearing the hats of a market regulator as well as a commercial business. "Such a move could bolster confidence in SGX on its efforts mounted to curb manipulation in share prices and help silence the complainants on the conflict of interest faced by the SGX in balancing its profit-making and regulatory roles," Mr Gerald said.

The remarks were made at the presentation of the SIAS Investors' Choice Awards, which recognise those who have practised or advanced the cause of good corporate governance.

CapitaLand was inducted into the Hall of Fame for the Most Transparent Company as recognition for taking the Golden Circle Award for being the most transparent company across all industry segments for three straight years from 2012 to 2014. CapitaLand's real estate investment trust (Reit), CapitaLand Mall Trust, also took the Corporate Governance Award in the Reit and Business Trusts category.

Lim Ming Yan, president and group chief executive of CapitaLand, said: "A key success factor in building a positive and sustainable relationship with our stakeholders lies in engaging them effectively, and providing prompt and clear updates on our business strategies, considerations

and decision-making rationale."

It was a particularly bountiful day for Singapore lender DBS Group Holdings, which won the Singapore Corporate Governance Award in the large market capitalisation category, the Most Transparent Company Award for the finance category, and was also awarded a prize for diversity.

"As Singapore and South-east Asia's largest bank, we place utmost importance on our stewardship role," DBS chairman Peter Seah said. "We are very heartened to have swept so many awards in the corporate governance, transparency and board diversity space. This reflects our commitment to our customers and we will continue to maintain the highest standards of excellence in all that we do."

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