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Well, I'm sure you'll agree that 2018 is off to a flying start in regulatory terms. Just last week, we launched a consultation paper on Quarterly Reporting, and now we have the changes to the CG Code. Many people have asked me whether the two are related, and I would like to take this opportunity to talk about how all these rules click together, how to make all these rules count and how we need "carrots" to reward those who follow these rules.

Making Rules Click

The ultimate objective of our disclosure-based regime is to ensure timely disclosures and reduce the information disparity between controlling and minority shareholders. Periodic disclosure, whether through quarterly or half-yearly reporting, is one way of achieving

this, but it is only one of a clockwork of rules that needs to click together in order to work. Another is to ensure that the scope of material information that needs to be disclosed is wide enough to keep the market sufficiently informed, and it is for this reason that the definition of materiality under the Securities and Futures Act has been expanded in the last year. More recently, SGX has in the last month proposed enhancements to the disclosure rules in three key areas of investor concern, namely secondary fundraising, interested person transactions and transactions which are not in the ordinary course of business. SGX has also issued an anti-insider trading guide together with all the market professional bodies to level the playing field between controlling shareholders and minority shareholders. In this regard, it is pertinent to note that a new principle has been added to the CG Code, on stakeholder engagement, and the emphasis on stakeholder inclusion and keeping stakeholders informed is a welcome boost to our disclosure-based regime.

Making Rules Count

We have heard a lot about “comply or explain” in the earlier discussions and as I have said on previous occasions, “comply or explain” with the CG Code is a requirement under the Listing Rules and enforceable like any other Listing Rule. So how then are we going to make the CG Code count, as much as any other Listing Rule?

You will recall that in 2016, SGX commissioned KPMG to produce a report on the state of compliance with the CG Code. This was a comprehensive study of the practices and disclosures of Mainboard companies. Based on the study, we individually engaged companies and shared with them their “report card”, showing key areas that are lacking and which can be improved upon.

The response from our engagement sessions has been very positive. Companies can do it, they want to do it, but sometimes they just want to do it their own way.

The feedback from the study and our engagements have been built into today's consultation. The new streamlined CG Code gives companies a lot more flexibility to adopt different ways that are suitable for them to meet the principles.

I expect that after a suitable bedding-in period, a similar corporate governance review will be conducted by SGX, perhaps together with the proposed CG Advisory Committee. I look forward to improved results and no more boilerplate, template or copy-cat disclosures.

Making Rule “Carrots”

The last time I talked about how we need to move away from using a stick and move towards using carrots instead to reward good CG,

it generated a lot of discussion. Suffice to say that many of you here are supportive of a green lane and faster turnaround time for deserving companies. I would like to give you the assurance that I have taken note of your feedback, in particular, your points about the transparency of the process, and how the fast-track criteria should be applied fairly and equally to all companies across the board.

On that note, I look forward to hearing from you and working with you on improvements to our regulatory regime in the New Year. Thank you very much.

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