

REGIONAL UPDATE
SINGAPORELoo & partners LLP
俊昭法律事務所**EXTENSION FOR COMPLIANCE WITH MINIMUM TRADING PRICE REQUIREMENT**

On 2 March 2015, the Singapore Exchange Securities Trading Limited (“SGX-ST”) introduced the minimum trading price requirement (“MTP Requirement”), pursuant to which Mainboard-listed issuers are required to maintain a minimum share price of S\$0.20.



On 3 December 2015, the SGX-ST announced that it is giving affected issuers carrying out a share consolidation to comply with the MTP Requirement a 6-month extension before these companies are reviewed for compliance with the MTP Requirement (the “Extension”).

This update serves to provide readers with a brief overview of the MTP Requirement and the Extension.

The MTP Requirement

The MTP is assessed based on the issuer’s volume weighted average price (“VWAP”) of its shares for the 6-month period prior to SGX-ST’s review, which under the MTP Requirement, shall commence on 1 March 2016. The 6-month VWAP is calculated by dividing the total value of trades during the 6-month period by the total volume of the shares traded during the 6-month period.

Issuers who fail to meet the MTP Requirement at the first review or any of the subsequent quarterly reviews will be placed on the SGX-ST watch list (“Watch-List”), upon which they have 36 months to exit the Watch-List or be delisted from the Mainboard.

The Extension

The Extension will apply to companies which have consolidated their shares to comply with the MTP Requirement before 1 March 2016. The VWAP of the shares of companies which are granted the Extension will be assessed on 1 September 2016 instead of 1 March 2016.

The Extension is granted to the affected companies taking into account the impact of current global market developments on companies’ share price performance and feedback from investors.

In addition, companies which have carried out corporate actions such as mergers and acquisitions or reverse takeovers before 1 March 2016 can engage SGX-ST to seek a similar extension on a case-by-case basis.

While SGX-ST did not divulge the factors it will consider in granting an extension, it appears that SGX-ST’s *raison d’être* in granting the Extension lies in reducing the impact of current market developments on Mainboard-listed issuers taking corporate actions to meet the MTP Requirement in a *bona fide* manner. The authors suggest that this rationale will undergird SGX-ST’s decision-making process as regards granting an extension on a case-by-case basis, and should thus be kept in mind by issuers interested in applying for an extension.

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