



REGIONAL UPDATE
SINGAPORE

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AMENDMENT OF THE SINGAPORE CODE ON TAKE-OVERS AND MERGERS



The Monetary Authority of Singapore, on the advice of the Securities Industry Council (the “**Council**”) and pursuant to Section 139(6) of the Securities and Futures Act (Cap 289 of Singapore), has amended the Singapore Code on Take-overs and Mergers (the “**Code**”). These amendments took effect earlier this year on 25 March 2016.



This legal update summarizes the key changes to the Code, which are as follows:

1. Increasing certainty in situations of competing offers
Amendments to the Code have been made to provide greater certainty on the applicable procedures and timelines in cases of competing offers.

- 1.1 Offer timetables will now be aligned to that of the latest offer. Where the Council permits the extension of an offer on account of a competing offer having been announced, all existing offers will normally be bound by the timetable established by the despatch of the latest competing offer document.
- 1.2 If neither competing offeror has declared its final offer price in the later stages of the offer period, an auction procedure will normally be prescribed by the Council to obtain a final offer price from each competing offeror. Such procedure will normally follow the default auction procedure set out in Appendix 4 to the Code.
- 1.3 The deadline for a potential competing offeror to announce a competing offer has also been extended. This increases the prospects of a competing offer that is beneficial to the shareholders of the offeree company.

2. Encouraging pro-active offeree boards

Amendments to the Code have been made to encourage the boards of offeree companies to more actively safeguard shareholders’ interests.

- 2.1. The Council will not normally treat the solicitation of a competing offer or the running of a sale process as a frustration of the original offer. In cases of doubt, the Council should be consulted.
- 2.2. The board of an offeree company may consider sharing available management projections and forecasts with the independent financial adviser for the purpose of securing advice on the offer.

3. Ensuring timely disclosure of material information

Amendments to the Code have been made to require prompt disclosure of (i) any material change of information previously published in an offer; and (ii) any material new information which would have been required to have been disclosed during the offer period, had it been known at that time.

Where such disclosed information is material to the offeree company’s shareholders in determining whether to accept an offer, the Council expects the independent financial adviser and the offeree board to take into consideration such material information and, where appropriate, revise their recommendation and/or advice to the offeree company’s shareholders.

4. Codifying and streamlining existing practices

Amendments to the Code have been made to (i) clarify the standards that are required of the pre-conditions of a pre-conditional voluntary offer; (ii) allow the offeree company to post the offer document at an earlier date in a pre-conditional offer; and (iii) clarify how the offer value for a different class of shares should be calculated.

The amendments to the Code take into account market developments and evolving international practices in the field of mergers and acquisitions.

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