

## **MEDIA RELEASE**

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### **ABS ENHANCES DUE DILIGENCE GUIDELINES FOR LISTINGS ON SGX**

The Association of Banks in Singapore (ABS) has raised the standard of its guidelines for due diligence activities its member banks carry out on all companies wanting to list on Singapore Exchange (SGX).

The ABS: Listings Due Diligence Guidelines had the inputs from SGX, auditors, lawyers, local and international banks, and corporate finance firms, and they generally apply to the due diligence process required of Issue Managers of Mainboard listings and Full Sponsors of Catalist listings.

The enhanced Guidelines reflect the knowledge gained by industry practitioners from their experience in dealing with companies.

The Guidelines are also aligned with SGX's experience with, and expectations of, listing application submissions. In particular, some of the major enhancements to the Guidelines include matters which SGX deems important for companies to have to resolve at an early stage of the listing application process. These matters include the enhanced quality of the board and key management, the type of corporate structure, the business model, the financial position and liquidity of the company.

Some key changes in the Guidelines include:

- a. Where management, directors and controlling shareholders have recently resigned, there should be queries into the reasons for doing so and whether they raise questions about the issuer, or the remaining management, directors and controlling shareholders.
- b. The scope of checks and enquiries should extend beyond on-site visits to material production facilities and properties including material assets which may include inventory and biological assets such as livestock and crops.
- c. When reviewing cash deposits, there should be checks on whether there are restrictions on remittances of cash from the issuer's overseas subsidiaries to the relevant holding company and whether there are any charges or encumbrances on such cash deposits.



- d. The amounts of taxable income and revenue or cost declared in the tax filings should be reviewed for consistency with the issuer’s audited financial statements, and whether the amounts of taxes paid may indicate any irregularities.
  
- e. Any unnecessarily complex group structures should be questioned as it could raise suspicion on the legitimacy of the issuer’s activities.

Mrs Ong –Ang Ai Boon, Director ABS said, “The newly-enhanced ABS: Listings Due Diligence Guidelines formalise best practices already adopted by many of our members. They are extremely comprehensive, reflecting the thoroughness and importance of due diligence for IPOs and RTOs or reverse takeovers. The improvements made to the Guidelines will help Singapore draw more quality listings and grow investors’ trust and participation in our market.”

Mr Tan Boon Gin, Chief Regulatory Officer, SGX said, “This enhancement in the ABS: Listings Due Diligence Guidelines is crucial because Issue Managers and Full Sponsors are ultimately responsible for the due diligence on companies and the quality of the companies they sponsor for listing. I am heartened that Issue Managers and Full Sponsors are stepping up and contributing to a better listings admission process. These efforts will in the long run also improve the overall equities market.”

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**About:**

**The Association of Banks in Singapore**

The Association of Banks in Singapore (ABS) plays an active role in promoting and representing the interests of the banking community in Singapore. In doing so, ABS works closely with the relevant government authorities towards the development of a sound financial system in Singapore. Since its establishment in 1973, ABS has promoted common understanding among its members and projected a unifying voice on banking issues. It has brought its members closer together through various guidelines and banking practices as well as the support of projects of mutual benefit to face the challenges of the financial and banking community in Singapore. Today, ABS has a membership of 154 local and foreign banks. Further information on ABS is available on the website: [www.abs.org.sg](http://www.abs.org.sg).