

## Legal Update

### SGX RegCo Proposes Shifts in the Listing Regime

20 June 2025

On 15 May 2025, the Singapore Exchange Regulation (“**SGX RegCo**”) published a consultation paper (“**Consultation Paper**”) responding to recommendations by the Equities Market Review Group<sup>1</sup> (“**Review Group**”) aimed at establishing a more disclosure-based listing regime which is aligned with the objective to enhance the development of Singapore’s equities market by taking a pro-enterprise approach to regulation. The consultation closed on 14 June 2025.

The Consultation Paper proposes amendments to the regulatory framework intended to enhance market transparency by shifting the focus away from rigid, prescriptive requirements. Instead, the emphasis is on requiring issuers to disclose material adverse circumstances, thereby equipping investors with more relevant and timely information to make informed decisions.

In this legal update, we highlight the key proposed amendments to the existing listing regime and examine their potential implications for issuers, investors, and the broader market.



#### Measures to Promote Greater Flow of Information

Creating new disclosure requirements is intended to ensure that the market has enough information to exercise its own judgement. To support this objective, SGX RegCo is proposing to replace certain prescriptive listing requirements with disclosure-based obligations, shifting the focus from regulatory gatekeeping to market-driven assessment.

To promote market transparency, SGX RegCo is proposing a shift away from an approach rooted in ex-ante merit-based judgement toward a disclosure-based regulatory framework, which aims to empower the market to make informed decisions based on transparent and relevant disclosures. Key elements of this proposed transition include:

- (a) replacing the requirement to resolve conflicts of interest with a disclosure obligation;
- (b) substituting the need to confirm the non-materiality of internal control weaknesses with a requirement to disclose such weaknesses;
- (c) eliminating the obligation to obtain all requisite approvals and confirming compliance with laws and regulations that materially affect business operations in favour of disclosure of such matters.



#### Financial Position of Listing Applicants

In the Consultation Paper, SGX RegCo outlined several proposed amendments to the financial position criteria used to assess a listing applicant’s suitability for listing on the SGX-ST. These changes aim to enhance clarity, align with international practices, and support a more disclosure-based listing regime. Key proposals which reflect SGX RegCo’s continued oversight of key qualitative criteria while advancing its broader move toward a disclosure-based listing regime include:

- (a) **Requiring an Unmodified Audit Opinion:** Amendments to require that audited financial statements submitted with a listing application must not carry an adverse, qualified, or disclaimer of opinion, ensuring no material financial or going concern issues exist at the point of listing;

<sup>1</sup> The Monetary Authority of Singapore (“**MAS**”) established the Equities Market Review Group on 2 August to recommend measures to enhance the development of Singapore’s equities market.

- (b) **Removing Restrictions on Use of Revaluation Surplus:** Amendments to allow the use of revaluation surplus in calculating net tangible assets per share and issuing bonus shares, in line with modern financial reporting standards and the abolition of par value shares; and
- (c) **Shifting Responsibility for Profit Projections to the Board:** Amendments to exclude profit projections from the scope of the auditors' post-approval letter, in line with MAS' proposal for board-level attestation of profit forecasts and estimates disclosed in the prospectus.



## Revisions to Quantitative Admission Criteria for Listing

As part of its broader initiative to modernise the listing regime, SGX RegCo is proposing changes to certain quantitative admission criteria to enhance relevance and better reflect market needs. Key proposals include:

- (a) **Reviewing the Profit Test Threshold:** To consider whether the current S\$30 million pre-tax profit requirement remains relevant, given its limited use. Alternatives under consideration include reducing the threshold to between S\$10 – S\$12 million or removing the criterion altogether;
- (b) **Removing the Exception for Temporary Low Profits:** To streamline the profit test, by deleting the exception that allows for temporary dips in profitability; and
- (c) **Refining Criteria for Life Science Companies:** To recognise the unique nature of life science companies many of which may not yet have commercialised products or generated operating revenue, SGX RegCo is proposing refinements to the listing criteria for life science companies that are unable to meet the standard quantitative financial requirements. This include reducing the required operational track record from three years to two but requiring listing applicants to be primarily engaged in laboratory research and development in respect of their identified products during the year prior to listing and requiring listing applicants to demonstrate that at least one of their identified products has progressed beyond the concept stage to ensure a minimum level of product maturity. Guidance will also be introduced on what constitutes development beyond the concept stage, which may include milestones such as the completion of early-stage clinical trials and the absence of regulatory objections to proceeding with the next phase of trials.



## Clarificatory Amendments to the Mainboard Rules

SGX RegCo has proposed a series of clarificatory and editorial amendments to the Mainboard Rules to enhance regulatory clarity, align with international standards, and reflect existing practices. These include:

- (a) **Expanding Recognised Auditing Standards:** Amendments to include auditing standards established by the Public Company Accounting Oversight Board, in addition to existing standards;
- (b) **Aligning Financial Reporting Timelines:** Amendments to clarify that newly listed issuers will have at least 30 days to announce half-yearly financial statements, consistent with timelines for quarterly and annual reporting.
- (c) **Removing Outdated Mainboard Rules:** Deleting the Mainboard Rules which outlines the evolution of the disclosure-based listing regime and SGX RegCo's regulatory functions which contains information which are no longer relevant. SGX RegCo's current risk-based regulatory approach will instead be published on its website.



## Adjustment to Post-Listing Queries and Obligations

### Removal of Financial Watch-list

The Financial Watch-list, which currently applies to issuers that record pre-tax losses for three consecutive financial years and have an average daily market capitalisation below S\$40 million over the preceding six months, was introduced in 2008 to encourage financial improvement.

SGX RegCo is proposing to remove the regime as it has been observed that the regime has caused unintended consequences, such as hindering access to funding and deterring customers and investors, thereby making it harder for issuers to recover and exit the list.

Despite its proposed removal, SGX RegCo will retain the requirement for issuers to announce on SGXNET when they record pre-tax losses for a third consecutive year, preserving transparency for investors. Pending the outcome of the Consultation Paper, SGX RegCo will suspend half-yearly reviews and will not direct issuers to delist for failing to meet exit criteria, although those meeting the criteria may still apply for removal.

### Recalibrating Trading Suspension Approach

SGX RegCo will limit trading suspensions to cases where there is clear evidence of going concern issues such as formal insolvency or restructuring proceedings or where the board cannot confirm the issuer's ability to continue as a going concern. Suspensions will not be imposed merely due to unclear circumstances, independent reviews, or market rumours.

SGX RegCo may also introduce conditions to permit suspended counters to resume trading. However, as at the time of writing, these details have not yet been published.

### Other Post-Listing Queries and Obligations

Lastly, SGX RegCo is proposing several other adjustments to its post-listing regulatory approach to reduce unnecessary market disruption and enhance regulatory clarity:

- **Refining Use of Public Queries:** SGX RegCo will continue its shift toward engaging issuers privately on continuous disclosure matters, reserving public queries only for information that is materially price- or trade-sensitive. This approach aims to reduce unnecessary market alarm and has received positive feedback.
- **Ending Public Trading Queries:** SGX RegCo will cease issuing public trading queries in response to unexplained trading activity. Instead, it will engage issuers privately and remind them of their disclosure obligations. Non-compliance may still attract penalties under the Listing Rules and the Securities and Futures Act. Practice Notes 7.1 and 7.2 and Appendix 7.1 will be amended accordingly.
- **Ongoing Enforcement and Surveillance:** SGX RegCo will continue to investigate false or misleading disclosures and corporate misconduct, and will work closely with MAS and other authorities to enforce against market manipulation and uphold investor protection.



## What this means for you

The proposed changes by SGX RegCo signal a significant shift toward a more disclosure-based and market-driven listing regime. For issuers, this means greater flexibility in meeting listing requirements, but also increased responsibility to ensure transparent and accurate disclosures. The

removal of prescriptive rules in favour of disclosure obligations places the onus on companies to assess and communicate material risks and conflicts clearly.

Issuers considering a listing should take note of the proposed refinements to financial and operational criteria, particularly the potential changes to the profit test and the streamlined requirements for life science companies. Existing listed companies should also be aware of the proposed removal of the Financial Watch-list and the shift in SGX RegCo's post-listing engagement practices, which aim to reduce unnecessary market disruption while maintaining investor protection.

Legal and compliance teams should prepare to review and update internal processes to align with the new disclosure expectations and regulatory amendments. Early engagement with SGX RegCo and legal advisors will be key to navigating these changes effectively and ensuring continued compliance under the evolving framework.

As the consultation progresses, stakeholders—including issuers, sponsors, and investors—should consider submitting feedback to SGX RegCo to help shape a balanced and effective regulatory environment. Staying informed and actively participating in the consultation process will be crucial in anticipating regulatory developments and aligning business strategies with the future direction of Singapore's capital markets.

The full consultation paper can be accessed [here](#).

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