

## Background

SGX RegCo had on 24 June 2021 issued a news release on the requirement of issuers of having a whistleblowing policy with updated Key Requirements (defined herein), and the expansion of its enforcement powers. This news release follows from a public consultation (from August 2020 to September 2020) which the market participants have broadly supported.


SGX RegCo has stated that the regulatory update will reinforce confidence in Singapore's capital markets, act as a greater deterrent against malfeasance, and enhance the protection of investors.

### In a nutshell


- **[Whistleblowing Policy]** Issuers are to have an established whistleblowing policy with the following key requirements that is effective on 1 January 2022.
  - (i) Keeping the identity of the whistleblower confidential;
  - (ii) The whistleblower is protected from reprisal; and
  - (iii) There is independent oversight of the whistleblowing policy and commitment to (i) and (ii).
 Annual Reports published from 1 January 2022 are required to state its compliance for the financial years commencing 1 January 2021.
- **[SGX RegCo's New Enforcement Powers]** Directors and Executive Officers<sup>1</sup> are to note the new enforcement powers of SGX RegCo which is effective from 1 August 2021.

<sup>1</sup>: Executive Officers include the management team (excluding directors) of an issuer, including its CEO, CFO, COO, and any other individual, regardless of title, who:

- (a) performs any function or responsibility equivalent to that of the foregoing persons; or
- (b) is responsible for ensuring that the issuer complies with the Rules.

Regulatory Update	Description
<b>Whistleblowing policy</b> 	<p><b>[Whistleblowing Policy]</b> Issuers are to establish and maintain a whistleblowing policy.</p> <p><b>[Key Requirements]</b> The whistleblowing policy of issuers are required by SGX RegCo to have the following key requirements:</p> <ul style="list-style-type: none"> <li>(i) Keeping the identity of the whistleblower confidential;</li> <li>(ii) The whistleblower is protected from reprisal; and</li> <li>(iii) There is independent oversight of the whistleblowing policy and commitment to (i) and (ii).</li> </ul> <p><b>[Annual Report]</b> Issuers are to state in its annual report that such a whistleblowing policy with the Key Requirements are in place for financial years commencing from 1 January 2021.</p> <p><b>[Effective Date]</b> This is effective from 1 January 2022 and will apply to annual reports published from this date.</p>

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Regulatory Update	Description
<p><b>New Enforcement Powers of SGX RegCo</b></p> 	<p>With effect from 1 August 2021, SGX RegCo will be able to</p> <ol style="list-style-type: none"> <li>Issue a public reprimand and require an issuer to comply with specified conditions.</li> <li>Prohibit an issuer from accessing the facilities of the market for a specified period or until fulfilment of specified conditions;</li> <li>Prohibit any issuer from appointing or reappointing a Director or an Executive Officer for up to 3 years<sup>#</sup>; and</li> <li>Require a director or an executive officer to resign.</li> </ol> <p>The actions set out in item (a) above are not appealable, whereas those set out in (b)- to (d) are appealable before the Listings Appeals Committee (LAC) of the Exchange.</p> <p><sup>#</sup>: Such powers are exercisable where the director or executive officer is <b>being investigated</b> or is the <b>subject of proceedings</b> for contravention of any <b>relevant laws, regulations and rules</b> (including those of any professional or regulatory bodies) relating to <b>fraud, dishonesty</b>, the securities or futures industry, <b>corruption or breaches of fiduciary duties</b>.</p> <p><u>More severe actions (such as Composition Offers and Fines) will continue to be reserved for the Listings Disciplinary Committee (LDC) of the Exchange</u></p> <p><b>[Composition Offers- Rule 312(1)]</b> Impose offer of composition payable to the Exchange, of not more than \$10,000 per contravention, subject to maximum of \$100,000 per offer for multiple contraventions. Subject to the decision of the Exchange, composition sums may be paid by instalments which shall not exceed 12 months from the date of acceptance of the written offer.</p> <p><b>[Fines from Disciplinary Proceedings- Rule 317(2)(c)(ix)]</b> Impose fines payable to the Exchange, of not more than \$250,000 per contravention, subject to a maximum of \$1,000,000 per hearing for multiple charges. Fines may be paid by way of instalments which shall not exceed 12 months from the date of the imposition of the fine.</p>

### Useful References:

- News release:: SGX RegCo expands range of enforcement powers (Please click [here](#))
- Consultation Paper (Please click [here](#))
- Responses to Consultation Paper (Please click [here](#))

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