

## BACKGROUND

SGX RegCo published a Regulator’s Column on 27 April 2023, outlining the relevant rules and regulations governing shareholders’ requisitioned meetings, procedural requirements and recommended actions to be taken by the Board in response to requisition notice.

When a shareholder or a group of shareholders (known as “**Requisitionists**”) wants to bring specific matters to the attention of other shareholders, they may request a general meeting (referred to as “**Requisitioned Meetings**”). The resolutions presented at Requisitioned Meetings can be for various reasons, but as noted in the Regulator’s column, they primarily involve (1) the removal or replacement of the entire Board or specific directors, or (2) the initiation or termination of specific transactions.

## CONVENING A REQUISITIONED MEETING\*

\* The validity of Requisitioned Meetings is based on the governing law applicable to the company. In Singapore, the relevant provisions can be found in Sections 176 and 177 of the Companies Act.

Shareholder’s requisition for EGM	Section 176 (of Companies Act) Via the Company’s directors	Section 177 (of Companies Act) Shareholder’s own accord
<b>Minimum Number of Requisitionists</b>	1	2
<b>Shareholding of Requisitionists</b>	Total not less than 10%	Total not less than 10%
<b>Board’s Involvement</b>	Board obligated to take steps to convene the EGM called by Requisitionists. ACRA will take steps if Board does not comply.	Shareholders themselves call the EGM at their own accord.
<b>Timeline</b>	The Board has up to 21 days to convene the Requisitioned Meeting, which is to be held as soon as practicable, and within 2 months after the date of receipt of the requisition.  If the Board does not schedule a meeting within 21 days from the day the requisition was deposited, the Requisitionists have the right to organise the Requisitioned Meeting. In this case, the meeting should be arranged in a manner that closely resembles how the Board would have convened it. The Requisitioned Meeting must take place within 3 months from the date the requisition was deposited.	No specific requirement. Requisitionists need not give any notice to the Board, or exhaust any timeline for the Board to act.
<b>Costs</b>	Borne by the Company.	No specific provision that the costs will be borne by the Company.
<b>Procedural Requirements to be taken by Requisitionists</b>	The requisition notice: (a) must state the objects of the meeting; (b) must be signed by the Requisitionist(s); (c) must be deposited at the registered office of the company; and (d) may consist of several forms each signed by one or more Requisitionists.	Written notice of the Requisitioned Meeting must be served to every shareholder having a right to attend the Requisitioned Meeting, not less than 14 days or such longer period as provided in the Company’s Constitution for ordinary resolutions.  To ensure compliance with all procedural requirements relating to the convening and conduct of the Requisitioned Meeting (i.e. Companies Act, Listing Rules and the Company’s constitution).
<b>Other Considerations for Requisitionists</b>	Ensure that a valid requisition notice is submitted to the Board.  Be forthcoming in providing the Board with any information they may reasonably require to convene and table the requisite resolutions at the Requisitioned Meeting.	The requisition notice can be accompanied by a circular to shareholders, containing fuller details on the proposals tabled by the Requisitionists.



## ROLE OF THE BOARD

### Actions

1. Upon receipt of the requisition notice, to immediately inform shareholders on SGXNet
2. Provide Board's response to the requisition notice
3. Keep shareholders updated on subsequent material developments
4. Reach out to Requisitionists to discuss their concerns

### Considerations

1. Objects of the requisition notice including merits of the proposals from the perspective of the issuer and its shareholders as a whole
2. Understand the concerns of the Requisitionists
3. Find a common ground with the Requisitionists to avoid public disputes

#### If common ground can't be found between Requisitionists and the Board

- (1) For proposal for the appointment of a new director to the Board, the Requisitionists should provide the proposed director's consent to act as a director of the Company, and detailed information on the proposed director, to enable the Nominating Committee to consider the suitability of the proposed director.
- (2) For effecting and termination of a particular transaction, all parties should consider seeking advice from independent professional parties, including legal and financial advisers.



## Sample Requisition Notice- S177

Date: 5 May 2023
<b>ABC Limited</b>
Attention: Board of Directors
Dear Sirs,
<b>Request for Appointment of New Directors to Board of ABC Limited</b>
<b>Special Notice Pursuant to Section 152(2) Read with Section 185 of the Companies Act</b>
<b>Requisition for an Extraordinary General Meeting of the Company to Remove and Appoint Directors</b>
We, the undersigned shareholders of the ABC Limited (the "Company") collectively owning in aggregate more than 10% of the total issued and paid-up share capital of the Company carrying voting rights at general meetings as at the date of this notice, require you to immediately proceed to convene an extraordinary general meeting of the Company ("EGM") pursuant to Section 177 of the Companies Act, to be held for the purposes of considering and if deemed fit, passing the following ordinary resolutions:
<b>Ordinary Resolution 1</b>
That [●] be removed as Independent Director of the Company with effect from the date of the EGM.
<b>Ordinary Resolution 2</b>
That [●] be appointed as Independent Director of the Company with effect from the date of the EGM, and upon his election thereof, [●] be further appointed as the chairman of the Audit Committee and a member of the Nominating Committee.

*\*The above sample was referenced from a recent case study and shall not be relied upon or construed as legally valid.*

*"A public dispute should be the last resort as it seldom yields the intended benefits and interests of the company and shareholders as a whole."*

### Useful References:

- Regulator's Column: What boards and requisitionists should take note of in shareholder-requisitioned meetings (Please click [here](#))
- Raphael Lim, "Battle for the Board", The Business Times (21 January 2023) (Please click [here](#))

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