

Exchanges (Demutualisation and Merger) (Amendment) Bill

Bill No. 28/2021.

Read the first time on 4 October 2021.

A BILL

intituled

An Act to amend the Exchanges (Demutualisation and Merger) Act.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1. This Act is the Exchanges (Demutualisation and Merger) (Amendment) Act 2021 and comes into operation on a date that the Minister appoints by notification in the *Gazette*.

5 **Amendment of section 8**

2. Section 8 of the Exchanges (Demutualisation and Merger) Act (called in this Act the principal Act) is amended —

(a) by inserting, immediately after subsection (1), the following subsection:

10 “(1A) The special purpose company may, with the Minister’s approval —

(a) subscribe to any rights issue by the transferee holding company;

15 (b) elect to receive shares in any scrip dividend scheme; and

(c) participate in any other corporate action taken by the transferee holding company under which the special purpose company may opt to receive additional shares issued by the transferee holding company.”;

20 (b) by inserting, immediately after the words “transferee holding company’s shares” in subsection (2), the words “(whether acquired under subsection (1) or (1A))”; and

25 (c) by inserting, immediately after subsection (4), the following subsection:

30 “(5) In subsection (1A), “scrip dividend scheme” means a scheme by the transferee holding company which enables shareholders of the company to elect to receive shares in the company in lieu of part or all of the cash amount of any dividend declared on the transferee holding company’s shares held by the shareholders.”.

Amendment of section 10

3. Section 10(2) of the principal Act is amended by deleting the words “(after deducting the par value of those shares)”.

Amendment of section 11

4. Section 11 of the principal Act is amended —

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(a) by deleting the words “under section 8(1)” in subsection (1) and substituting the words “which it acquired under section 8(1) or (1A)”; and

(b) by deleting the words “subscribed by it under section 8(1)” in subsection (2)(a) and substituting the words “acquired by it under section 8(1) or (1A)”.

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Repeal of section 17

5. Section 17 of the principal Act is repealed.

EXPLANATORY STATEMENT

This Bill seeks to amend the Exchanges (Demutualisation and Merger) Act to allow the special purpose company designated under the Act (SEL Holdings Pte Ltd), with the Minister’s approval, to participate in rights issues, scrip dividend schemes, etc., by the transferee holding company designated under the Act (Singapore Exchange Limited). Shares acquired through such participation will be subject to the provisions of the Act in the same manner as the shares originally acquired by the special purpose company from the transferee holding company under the Act.

The Bill also removes certain obsolete references and provisions.

Clause 1 relates to the short title and commencement.

Clause 2 amends section 8 —

(a) to provide that the special purpose company may, with the Minister’s approval, subscribe to any rights issue by the transferee holding company; elect to receive shares in any scrip dividend scheme; and participate in any other corporate action taken by the transferee holding company under which the special purpose company may opt to receive additional shares issued by the transferee holding company (new subsection (1A));

- (b) to provide that the obligation of the special purpose company under subsection (2) (to offer for sale such number of the transferee holding company's shares, at such price and on such terms, as the Minister may by notice in writing direct) applies to the shares of the transferee holding company acquired under the new subsection (1A) (in the same manner as the obligation applies to the shares of the transferee holding company acquired under subsection (1)); and
- (c) to provide a definition of "scrip dividend scheme" (new subsection (5)).

Clause 3 amends section 10(2) to remove the requirement for the par value of the shares to be deducted from the proceeds raised in connection with the sale of the transferee holding company's shares mentioned in section 10(1) before the proceeds are paid into the Financial Sector Development Fund. This is because the concept of "par value" for all shares has been abolished by section 62A of the Companies Act.

Clause 4 makes consequential amendments to section 11. The clause provides that the provisions of section 11 also apply to the transferee holding company's shares which the special purpose company acquired under the new section 8(1A) (in the same manner as the provisions apply to the transferee holding company's shares which the special purpose company acquired under section 8(1)).

Clause 5 repeals section 17 which is obsolete. Section 17 deals with the power of the District Court to hear and determine offences under the Act, but there are no longer any offences under the Act.

EXPENDITURE OF PUBLIC MONEY

This Bill will not involve the Government in any extra financial expenditure.
