

NEW PROSPECTUS REQUIREMENTS FOR FUND RAISING

30 June 2000



PRESENTATION OUTLINE

- Overview
- Equity Prospectuses
- Debenture Prospectuses
- The Way Forward



OVERVIEW

- SC would, effective from 1.7.2000, be the registering authority for prospectuses in respect of all securities other than shares and debentures issued by unlisted recreational clubs



OVERVIEW

- This is in line with the SC's shift from MBR to DBR

Phase	Time Frame	Focus
1	1996-1999	Flexible MBR
2	2000	Hybrid MBR and DBR
3	2001 Onwards	Full DBR

MBR : *Merit-based regulation*

DBR : *Disclosure-based regulation*



OVERVIEW

- **New prospectus framework will facilitate greater efficiency in fund raising**

SC will register prospectuses within 2 weeks from submission of registrable prospectuses



OVERVIEW

- **New prospectus framework will promote greater disclosure of information**

Existing Prospectus Disclosures	New Prospectus Disclosures
Companies Act 1965 <ul style="list-style-type: none">● Prescriptive approach● No general duty of disclosure Listing Rules <ul style="list-style-type: none">● Broad parameters	Amended SCA <ul style="list-style-type: none">● General disclosure obligation● Minimum disclosure requirements



OVERVIEW

- **Two-pronged approach in new prospectus content requirements**
 - General disclosure requirements
 - Minimum content requirements as specified by the SC



OVERVIEW

- **General disclosure requirements**
 - Inclusion of information for the purpose of making informed assessment of the following:
 - The assets and liabilities, financial position, profits and losses and prospects of the issuer
 - The rights attaching to the securities
 - The merits of investing in the securities and the extent of the risk involved in doing so



OVERVIEW

- **Minimum content requirements as specified by the SC**

- **For equities**

- “Prospectus Guidelines”

- Public Offerings
- Abridged Prospectuses
- Supplementary Prospectuses

- **For debentures**

- “Guidelines on Prospectus Contents for Debentures”



EQUITY PROSPECTUSES

■ Prospectus Guidelines

- Focuses on:
 - General information
 - Information about issuers
 - Information about shareholders/directors/key management
 - Financial information
 - Risk factors
 - Prospects



EQUITY PROSPECTUSES

■ Prospectus Guidelines

- Incorporates prospectus provisions in the Companies Act 1965 and Listing Rules of the stock exchanges
- Updated with market practices



DEBENTURE PROSPECTUSES

- **Guidelines on Prospectus Contents for Debentures**
 - Stipulates minimum information required to be disclosed in a prospectus, including:
 - Abridged prospectus
 - Supplementary prospectus
 - Shelf prospectus
 - Supplementary shelf prospectus



DEBENTURE PROSPECTUSES

■ Guidelines on Prospectus Contents for Debentures

- Focuses on:
 - General information
 - Terms and conditions of debentures
 - Information about issuers
 - Information about shareholders/directors/key management
 - Financial information
 - Risk factors



DEBENTURE PROSPECTUSES

■ Guidelines on Prospectus Contents for Debentures

- Enhanced disclosure requirements

Example: Disclosure of terms and conditions of debentures

- Ranking of debentures
- Events of default
- Rating of debentures
- Summary of rights
- Repayment terms and frequency of interest/profit payments
- Details of any security for the debentures



THE WAY FORWARD

- **The new prospectus requirements ...**
 - Enhances disclosure of information for informed investment decisions
 - Balances between investor protection and commercial practicalities
 - Creates a degree of certainty of what is required to be disclosed in prospectuses



THANK YOU

