

Corporate Commercial | Capital Markets

## SGX's Measures to Ensure Adequate Shareholders' Engagement During General Meetings Amid COVID-19

### Executive Summary

On 16 December 2021, the Singapore Exchange Regulation ("**SGX RegCo**") issued a new guidance note setting out its expectations on the issuers' conduct of general meetings amid the ongoing COVID-19 situation with regard to:

1. The use of virtual information session ("**VIS**") for prescribed corporate actions; and
2. Prescribed timeline for addressing shareholders' questions submitted before general meetings ("**Prescribed Q&A timeline**").

By way of background, the [COVID-19 \(Temporary Measures\) Act](#) ("**Act**") read together with its subsidiary legislation allows business entities to conduct their meetings by electronic means amid the COVID-19 pandemic. To guide business entities on the best practices in conducting meetings under the safe distancing regulations while ensuring that shareholder engagement at general meetings is not compromised, the Accounting and Corporate Regulatory Authority (ACRA), the Monetary Authority of Singapore (MAS) and SGX RegCo jointly issued the [Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation](#) on 1 October 2020 ("**October 2020 Guidance**"). The October 2020 Guidance contains a checklist for listed issuers which are conducting meetings by electronic means as well as physical meetings with limited participants in person. To facilitate shareholder engagement at meetings, the Guidance encourages listed issuers to, among other things, adopt enhanced digital tools such as real-time remote electronic voting and real-time electronic communications. However, SGX RegCo found that listed issuers generally did not adopt real-time remote electronic voting at general meetings and in some instances, shareholders' questions submitted in advance of general meetings were not addressed by listed issuers before the lodgment of the proxy forms.

Therefore, SGX RegCo issued the Guidance Note titled "[What SGX RegCo expects on the conduct of general meetings amid the ongoing COVID-19 situation](#)" on 16 December 2021 ("**New Guidance Note**") which requires issuers which do not utilise both (i) real-time remote electronic voting and (ii) real-time electronic communication at their general meetings to adopt the additional practices relating to VIS and the Prescribed Q&A timeline, in addition to the guidelines set out in the October 2020 Guidance.

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These additional practices will take effect for any **notice of general meeting served after 1 January 2022**.

This Update provides a summary of the additional practices set out in the New Guidance Note.

## VIS for Prescribed Corporate Actions

SGX RegCo will require listed issuers to organise VISs when convening general meetings to seek shareholders' approval for the corporate actions set out in [Appendix A](#) to the New Guidance Note. These corporate actions include the issue of shares or convertible securities which require shareholders' approval in a general meeting, capital reduction or distribution, interested person transactions (IPTs) requiring shareholders' approval, major transactions under Chapter 10 of the SGX-ST Mainboard Rules or Catalist Rules, very substantial acquisitions or reverse takeovers, whitewash resolutions, schemes of arrangement, delisting, or proposed diversification of business, etc.

Listed issuers are expected to observe the following practices when organising any VISs:

- **Recommended notice period:** Send notices of general meetings at least 21 calendar days before the general meetings. The notice period excludes the date of the notice and the date of the meeting. This is considering that additional time would be taken to hold a VIS prior to the general meeting.
- **Making available VIS details:** Publish prescribed details on the VIS on SGXNET and the issuers' corporate websites (if available). Such details include date, time, agenda and the means by which the VIS will be conducted, and the arrangements for shareholders to participate in the VIS;
- **Real-time electronic communication facilities:** Adopt real-time electronic communication facilities, such as video conferencing, tele-conferencing or live chat. This is so that shareholders may interact with the board of directors ("**Board**") and/or management of the issuers to raise questions or seek clarifications at the VIS.
- **Making available records of meetings:** Publish the minutes of the VIS or provide a link for shareholders to access a recording of the VIS on SGXNET and the issuers' corporate websites (if available), at least 72 hours prior to the closing date and time for the lodgment of the proxy forms. The minutes of the VIS must record substantial and relevant comments or queries from shareholders and responses from the Board and/or management of the issuers at the VIS.

## Prescribed Q&A Timeline

Listed issuers must provide their shareholders at least seven calendar days after the publication of the notice of general meetings on SGXNET and the issuers' corporate websites (if available), to submit their questions.

The October 2020 Guidance requires a listed issuer to inform its shareholders of the cut-off time for submitting their questions as well as when their questions would be responded to. The New Guidance

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Note requires the Board and/or management of the listed issuers to address all substantial and relevant questions received from shareholders by the following prescribed timeline:

- 48 hours prior to the closing date and time for the lodgment of the proxy forms, if the notice of general meeting is to be sent to shareholders at least 14 calendar days before the meeting; and
- 72 hours prior to the closing date and time for the lodgment of the proxy forms, if the notice of general meeting is to be sent to shareholders at least 21 calendar days before the meeting.

Listed issuers are reminded that they should not be selective in addressing the questions and should avoid incomplete, non-specific and vague responses. All responses should be published on SGXNET and the issuers' corporate websites (if available), including the questions that were addressed at any VIS.

Any follow-up questions or clarifications raised after the cut-off time for the submission of questions by shareholders should be addressed at the general meeting. Issuers are encouraged to adopt real-time electronic communication facilities to allow Q&A at the general meetings.

## Concluding Remarks

SGX RegCo is monitoring the adoption of enhanced digital tools at general meetings of listed issuers to facilitate shareholders' engagement. Two years into the COVID-19 pandemic and with the investor community getting used to the various technological tools for communicating with each other, it may be timely for listed issuers to consider investing in technological systems and/or alternative processes to hold general meetings that can accommodate in-person as well as online participation by shareholders in the spirit of good corporate governance.

If you have any queries or wish to know how a listed issuer may transition into these new practices, please feel free to contact our team members below who would be happy to assist.

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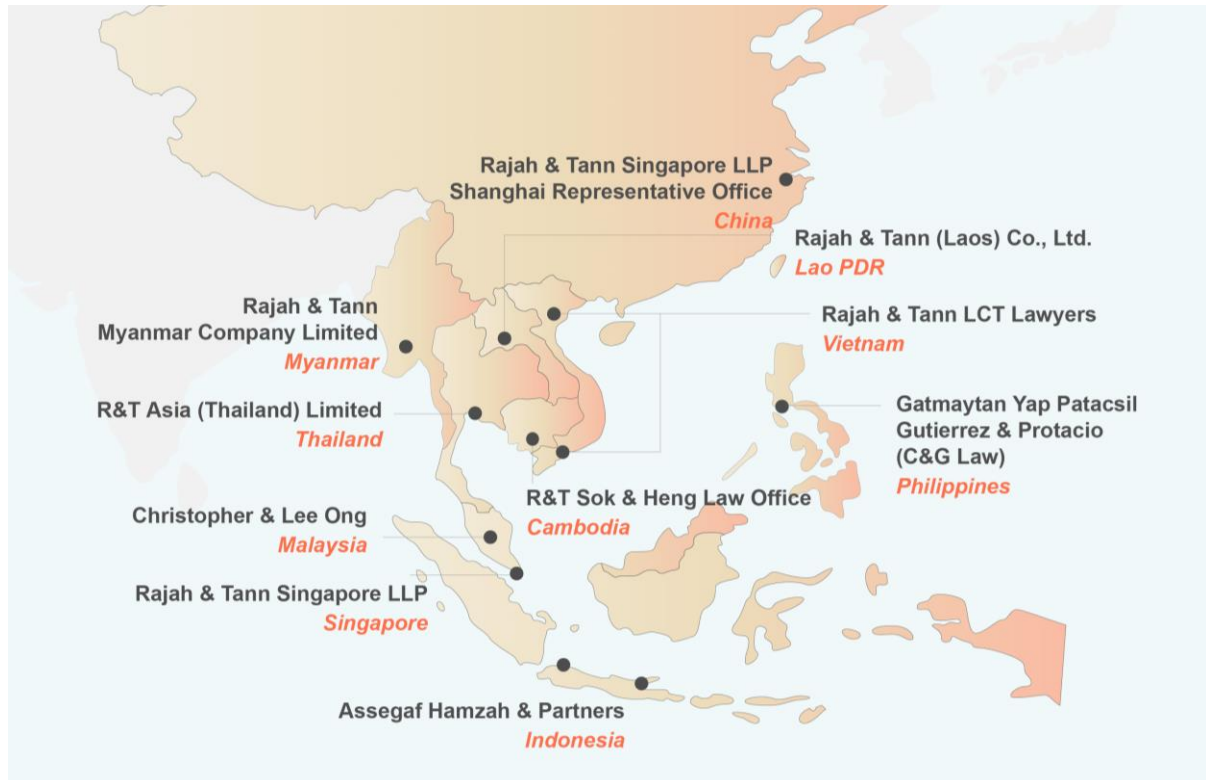
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