

CAPITAL MARKETS | FUNDS & INVESTMENT MANAGEMENT | TAX

Measures Introduced to Strengthen Singapore's Equities Market such as Financial Support, Tax Incentives and Streamlining Regulatory Framework Towards a More Disclosure-Based Regime

On 21 February 2025, the Monetary Authority of Singapore ("MAS") shared the first set of measures proposed by the Equities Market Review Group ("Review Group") to enhance the competitiveness of Singapore's equities market. These measures build on the existing and earlier measures previously introduced, which target various structural challenges such as low liquidity, declining numbers of initial public offerings ("IPOs") and limited investor participation in the Singapore public equity market, and are formulated after months of consultation with industry stakeholders. This first set of measures encompasses the pillars of demand and supply, complemented with regulatory initiatives. This includes:

- (i) **Demand:** Measures to boost **investor interest** and **liquidity**;
- (ii) **Supply:** Measures to enhance the appeal to **quality listings**; and
- (iii) **Regulatory Measures:** Transition towards a **more disclosure-based listing regime** and bolster investor confidence. The Singapore Exchange Regulation ("SGX RegCo") and MAS will issue consultation papers on the relevant regulatory measures by mid-2025.

This Update provides an overview of the first set of measures. The second set of measures is expected to be completed by the end of 2025.

Measures to Increase Investor Interest (Demand)

These measures seek to deepen trading liquidity and strengthen capabilities in the local fund management and equity research ecosystem.

- (i) **Launch of a S\$5 billion Equity Market Development Programme ("EQDP")** to strengthen local fund management capabilities and attract fund manager listings. Under the EQDP, MAS will invest with selected fund managers with capabilities to implement investment mandates with a strong focus on Singapore stocks. Over the next few months, these fund managers must be prepared to deliver on developmental outcomes to grow their activities and employment in Singapore. MAS will evaluate eligible fund managers and strategies. Eligible fund strategies include those that invest in Singapore equities or have a substantial component of Singapore equities as part of a regional or thematic focus. These Singapore equities should be a range of

companies and not just index component stocks. Fund managers should actively manage these strategies, ensure they are commercially viable, and work towards attracting capital from other commercial investors, including institutional funds, family offices, and other private entities.

- (ii) **Tax incentives for fund managers investing substantially in Singapore-listed equities** which were announced by the Prime Minister in Budget 2025 and complement the EQDP. These include, for instance, introducing a tax exemption on the Singapore fund manager's qualifying income derived from fund management and investment advisory activities related to funds that invest substantially in Singapore-listed equities. Fund managers must meet minimum requirements for professional headcount and assets under management ("**AUM**") and qualifying funds must have at least 30% of their AUM invested in Singapore-listed equities, amongst other requirements. You can read more about this in our Legal Update [here](#). Interested fund managers can contact MAS for more information.
- (iii) **Support capital inflows to Singapore-listed equities by adjusting the Global Investor Programme ("**GIP**")** for applicants investing under the family office option. Currently, the GIP requires the applicant to establish a Single Family Office ("**SFO**") with AUM of at least S\$200 million, of which at least S\$50 million must be deployed into qualifying investment categories consisting of equities/REITS/business trusts listed on Singapore-approved exchanges, qualifying debt securities, Singapore-distributed funds, or non-listed Singapore-based businesses. Going forward, for new GIP Family Office applicants, the qualifying investment categories will be narrowed to equities listed on approved Singapore exchanges.
- (iv) **Expansion of the Grant for Equity Market Singapore scheme ("**GEMS**")** to include research coverage on pre-IPO companies and to sharpen focus on mid- and small- cap enterprises. Expanding research coverage to pre-IPO companies helps raise awareness of pre-IPO companies, which better supports investor demand and valuations when such companies eventually IPO in Singapore. There is also scope to expand the range of research entities that are eligible to participate under the GEMS scheme, and to broaden the eligible dissemination channels and forms of research published, for example, to include social media platforms. Further details will be released by MAS and SGX around mid-2025.

Measures to Improve Attractiveness to Quality Listings (Supply)

Supply-side initiatives aim to jumpstart interest in the Singapore public equities market by improving attractiveness to quality new listings in Singapore. The recommendations proposed by the Review Group are intended to attract companies with operations in Singapore and fund managers to tap Singapore's equities market for their capital raising.

- (i) **Tax incentives to attract new corporate listings and new fund manager listings** in Singapore, which were announced in Budget 2025:
 - Singapore tax resident companies and registered business trusts that complete a primary listing or secondary listing with share issuance can enjoy a 20% or 10% listing corporate income tax rebate respectively, subject to conditions. This complements the existing GEMS Listing Grant Scheme in defraying part of enterprises' listing costs; and
 - An enhanced 5% concessionary tax rate on qualifying income for new fund manager listings in Singapore, subject to conditions. To qualify, the fund manager or its holding company should achieve a primary listing on a Singapore exchange and remain so listed for five years, distribute a portion of its profits as dividends and also meet minimum requirements for professional headcount and AUM. The scheme is open for award until 31 December 2028.

You can read more about this in our Legal Update [here](#).

- (ii) **Financing support to strengthen growth of companies.** The Government will continue to review and enhance its efforts to support the development of local enterprises, which can provide a pipeline of potential companies for listing. Budget 2025 announced the latest enterprise development efforts, including new investment schemes, which are administered by the Ministry of Trade and Industry and Enterprise Singapore. You can read more about this in our Legal Update [here](#).

Measures to Streamline Regulatory Framework and Strengthen Investor Confidence, Shift to a More Disclosure-Based Regime

The Review Group has also recommended adopting a more pro-enterprise regulatory stance, alongside other measures to strengthen investor confidence. These measures involve changes to statutory requirements as well as SGX's Listing Rules with the aim of becoming both pro-enterprise and pro-investor. The regulatory measures will move Singapore decisively towards a more disclosure-based regime. While upholding sound international standards, Singapore's listing process will be significantly more efficient and streamlined than now and will compare favourably with leading financial hubs in the world. Regulation will be more focused and facilitative of listings, and high standards of corporate governance and robust enforcement will be upheld to maintain investor confidence. In addition, key ecosystem players — such as issue managers who conduct due diligence, accounting professionals who conduct financial audits, as well as research analysts who scrutinise disclosures — must play their part so that investors can make their investment choices with adequate and reliable disclosures. MAS and SGX RegCo will be conducting a public consultation on these proposed measures **by mid-2025** before the finalised set of measures are implemented.

The Review Group has recommended the following measures:

- (i) **Consolidate listing suitability and prospectus disclosures review functions in SGX RegCo** to streamline the listing review process. This will provide prospective issuers with greater clarity on the listing process and timeline, as they only need to engage with one regulator going forward. A further study will be carried out on the appropriate set of accountabilities, governance, incentives and resourcing for SGX RegCo to fulfil its regulatory objectives while maintaining a pro-enterprise process. MAS will continue to enforce breaches of the Securities and Futures Act 2001 (SFA) and supervise SGX's performance to ensure a fair, orderly, and transparent market. MAS and SGX RegCo will study the implementation details and conduct a public consultation on the proposal in due course.
- (ii) **Reduce the scope for merit-based judgment when admitting new listings, by streamlining SGX RegCo's qualitative admission criteria** and focusing on ensuring that the disclosure of material issues is sufficient for informed decision-making by investors instead of taking a prescriptive approach to how issuers mitigate any risks prior to listing. Presently, SGX's listing admission requirements comprise both quantitative and qualitative requirements which prospective issuers must satisfy to be eligible for a listing. Instead of prescribing how issuers should mitigate risks (e.g., conflicts of interest) before listing, SGX RegCo will ensure that material issues are disclosed sufficiently for investors to make informed decisions.
- (iii) **Streamline prospectus requirements and listing process.** All major parts of the prospectus requirements — including on financial information, interested person transactions and conflicts of interest — will be streamlined while continuing to adhere to international standards. Core disclosure requirements will be retained, with emphasis on clear disclosure of the most relevant and material information to investors. For secondary listings, MAS will seek to simplify the secondary listing prospectus requirements and align them closely with the International Organization of Securities Commissions (IOSCO) Standards to support the

compatibility of these simplified requirements with the disclosure requirements of the home markets, including secondary listings with fundraising in Singapore, such that applicants will be able to use the offer documents lodged in their home markets for their Singapore listing, with minimal adaptation.

In addition, the Review Group supports the implementation of the following three measures to facilitate an efficient listing process and shorten time-to-market as well as provide more flexibility for issuers to engage investors before launching an IPO:

- (a) MAS and SGX RegCo will commit to complete the **review process within six to eight weeks** under ordinary circumstances.
 - (b) SGX RegCo will **consolidate the two-part Listing Admissions Pack into a single application pack** to compress the stages of review, while still retaining the flexibility for issuers to submit their IPO application sequentially (i.e. in two parts) on a case-by-case basis.
 - (c) MAS intends to allow issuers to **engage potential investors earlier in the IPO process** which will support their bookbuilding efforts and maximise the chances of a successful IPO. To do so, MAS will review the existing regulatory limitations as to when the issuer is able to profile themselves to retail, accredited, and institutional investors.
- (iv) **Adopt a more targeted approach to post-listing queries, alerts, and trading suspensions** to reduce the potential for unintended and disruptive effects on trading and liquidity, while maintaining the overall framework of safeguards. A more targeted approach to such interventions will allow SGX RegCo to strike a better balance in facilitating market discipline and achieving investor protection. SGX RegCo will also consult on a proposal to remove the financial "Watch-List".
- (a) **Adjustments to SGX RegCo's administration of post-listing obligations for listed companies:**
 - **Disclosure queries:** When exercising its discretion to issue public queries to listed companies, SGX RegCo will focus on the materiality of the matter, to ensure that public disclosure queries issued are targeted and meaningful for investors' assessment of the company.
 - **Financial "Watch-List":** SGX RegCo will consult on a proposal to remove the financial "Watch-List" and shift away from regulatory surveillance in areas where market discipline can be allowed to operate. SGX RegCo will ensure that investors will still receive appropriate disclosures regarding the issuer's financial health, e.g. issuers will be required to make announcements when they have three consecutive years of pre-tax losses.
 - **Trading suspensions:** To minimise unnecessary trading disruption to issuers, SGX RegCo will limit trading suspensions of listed companies only to circumstances where a company has "going concern" issues, such as ongoing formal liquidation proceedings or when the board is unable or unwilling to certify the company's ability to continue as a going concern.
 - (b) **Adjustments to trading queries framework and "trade with caution" ("TWC") alerts framework:**
 - **Trading queries:** SGX RegCo will change its default approach from one of issuing public queries to privately highlighting unusual trading to issuers and reminding them of their disclosure obligations and if any material information should be disclosed.
 - **TWC alerts:** SGX RegCo currently deploys TWC alerts upon detection of unusual trading. Going forward, such TWC alerts will automatically expire after two weeks.

Other Measures Which Are Still being Studied

The Review Group is also reviewing its second tranche of measures which it will consult with industry stakeholders on and aims to complete **by the end of 2025**. This ongoing review will focus on the following key areas:

- (i) Introducing programmes to uplift listed companies' shareholder engagement capabilities and sharpen their focus on shareholder value;
- (ii) Attracting retail liquidity through market structure changes such as reducing board lot sizes;
- (iii) Strengthening investor protection through enhancing recourse avenues. The Review Group will engage with MAS to propose measures for investors to commence civil suits following public enforcement actions and to support collective action;
- (iv) Improving efficiency of trading and post-trade custody. SGX will present proposals to the Review Group from its review of trading-related matters such as board lot size, as well as proposals to modernise the Central Depository's (CDP) post-trade custody infrastructure; and
- (v) Developing cross-border partnerships. The Review Group will also explore further collaborations with overseas exchanges and explore grants to defray costs of issuing depository receipts (DRs).

The full set of measures may be accessed [here](#). A useful infographic may be accessed [here](#). Click on following links for more information (available on MAS website):

- [A comprehensive set of measures to strengthen Singapore's equities market](#)
- [Remarks by Mr Chee Hong Tat, Minister for Transport and Second Minister for Finance, and Deputy Chairman of the Monetary Authority of Singapore, at the Equities Market Review Group Media Conference on 21 February 2025](#)

If you have any queries, please feel free to reach out to our team members.

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