Compliance with SGX listing rules is still poor

Incorrect or omitted disclosure of mandatory information has become far too commonplace. By CHE YI HONG and MAR YEN TEE


SGX Régio issued a notice of compliance and directed Metex to cease to issue an extraordinary general meeting (EGM) to reelect Mr Eng as it deemed the information to be "inaccurate and incomplete". It also said it will further investigate the matter. While we support SGX Régio's swift action, the company is issuing erroneous notices which arguably should be borne by the directors, not shareholders. We also wonder about the role of the sponsor in discharging its responsibilities in the episode.

Unfortunately, incorrect or omitted disclosure of mandatory information has become far too commonplace, whether in annual reports or under continuous disclosure obligations. This is despite the teeth that the continuous disclosure regime in Singapore is supposed to possess.

Statutory backing, so what?

Unlike the Code of Corporate Governance which is based on "comply or explain", listing rules are mandatory and must be complied with, without exception. In contrast, Metex's notice of an extraordinary general meeting (EGM) was only 17 guidelines in the 2012 Code which specifies requirements for listing on the market practices were shifted to the listing rules for "mandatory compliance".

The requirement to comply with the listing rules is contractual in nature, as part of the listing agreement signed between the issuer, directors, and executive officers, and to enforce sanctions for non-compliance. Enforcement actions can include public reprimands and fines for issuers, and public reprimands for directors and executive officers. Grant的目的 is to deter issuers and officers from breaching the Code of Corporate Governance.

While disclosure rules do not necessarily mean a company has failed to comply with its disclosure obligations, they do at least raise the question as to whether the company should have disclosed more in the first place rather than having to be prodded by SGX Régio.

Metex is no exception, as it has recently announced the appointment of its new co-chairman, a move that is subject to regulatory scrutiny and approval. The company's public reprimand by SGX Régio and its failure to disclose the changes in its risk management policies could raise questions about its commitment to transparency and accountability.

In conclusion, while disclosure rules are important, they are only as effective as the enforcement mechanisms put in place by regulatory bodies. It is crucial for companies to adhere to these rules to maintain the integrity of financial markets and protect investors' interests. Failure to do so can result in reputational damage and legal consequences.