



THE STATUTES OF THE REPUBLIC OF SINGAPORE

EXCHANGES (DEMUTUALISATION AND MERGER) ACT 1999

2020 REVISED EDITION

This revised edition incorporates all amendments up to and including 1 December 2021 and comes into operation on 31 December 2021.

Prepared and Published by

THE LAW REVISION COMMISSION
UNDER THE AUTHORITY OF
THE REVISED EDITION OF THE LAWS ACT 1983

Informal Consolidation – version in force from 21/3/2022

Exchanges (Demutualisation and Merger) Act 1999

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An Act to provide for the demutualisation and merger of the Stock Exchange of Singapore Limited, the Singapore International Monetary Exchange Limited and the Securities Clearing and Computer Services (Pte) Limited by making these companies wholly-owned subsidiaries of a transferee holding company.

[8 October 1999: Except sections 19(a), (b) and (c)
and 20(d), (e), (f), (h) and (i) ;
1 December 1999: Section 20(d), (e), (f), (h) and (i) ;
1 October 2000: Section 19(a), (b) and (c)]

Whereas:

- (A) The Stock Exchange of Singapore Limited is a public company limited by shares incorporated in Singapore

under the Companies Act 1967 and carries on, *inter alia*, the business of providing, regulating and maintaining facilities for conducting the business of a Stock Exchange in Singapore pursuant to the Securities Industry Act (Cap. 289, 1985 Revised Edition).

- (B) The Singapore International Monetary Exchange Limited is a public company limited by shares incorporated in Singapore under the Companies Act 1967 and carries on, *inter alia*, the business of establishing and conducting a commodities and financial futures market in Singapore pursuant to the Futures Trading Act (Cap. 116, 1996 Revised Edition).
- (C) The Securities Clearing and Computer Services (Pte) Limited is a company limited by shares incorporated in Singapore under the Companies Act 1967 and carries on, *inter alia*, the business of providing facilities for the clearing of contracts and the delivery and receipt of stocks and securities and for providing accounting, management consultancy and computer services to members of the Stock Exchange of Singapore Limited.
- (D) It is expedient to make provisions to facilitate the transfer of ownership of the Stock Exchange of Singapore Limited, the Singapore International Monetary Exchange Limited and the Securities Clearing and Computer Services (Pte) Limited to a transferee holding company designated by the Minister in order to demutualise and merge the respective Exchanges to form an integrated Exchange for the trading of securities and futures contracts and for leveraged foreign exchange trading in Singapore.

Short title

1. This Act is the Exchanges (Demutualisation and Merger) Act 1999.

Interpretation**2.** In this Act, unless the context otherwise requires —

“Authority” means the Monetary Authority of Singapore established under section 3 of the Monetary Authority of Singapore Act 1970;

“Financial Sector Development Fund” means the Financial Sector Development Fund established under Part 5 of the Monetary Authority of Singapore Act 1970;

“registered owner”, in relation to a SIMEX seat, means the person allotted a SIMEX seat and registered as the owner of a SIMEX seat in the register of allotment of seats referred to in the articles of association of SIMEX;

“SCCS” means Securities Clearing and Computer Services (Pte) Limited;

“SCCS shares” means shares issued by Securities Clearing and Computer Services (Pte) Limited;

“SES” means Stock Exchange of Singapore Limited;

“SES shares” means shares issued by Stock Exchange of Singapore Limited;

“SIMEX” means Singapore International Monetary Exchange Limited;

“SIMEX seat” means the place on the SIMEX futures market referred to in the articles of association of SIMEX as a “seat” and allotted by the Board of Directors of SIMEX in accordance with the rules of SIMEX;

“SIMEX shares” means shares issued by Singapore International Monetary Exchange Limited;

“special purpose company” means a company incorporated in Singapore and designated by the Minister under section 3(2)(b);

“transfer date” means the transfer date referred to in section 3(1);

“transferee holding company” means a public company incorporated in Singapore and designated by the Minister under section 3(2)(a);

“transferee holding company’s shares” means shares issued by the transferee holding company.

[42/2001]

Transfer date and designation of companies

3.—(1) The transfer date is 1 December 1999.

(2) The Minister may, by notification in the *Gazette*, designate —

(a) a public company incorporated in Singapore to be the transferee holding company for the purposes of this Act; and

(b) a company incorporated in Singapore to be the special purpose company for the purposes of this Act.

Reduction of share capital of SES, SIMEX and SCCS

4.—(1) The capital of SES is, on the transfer date, reduced by cancelling all issued SES shares as at the transfer date which are 34 SES shares.

(2) The capital of SIMEX is, on the transfer date, reduced by cancelling all issued SIMEX shares as at the transfer date which are 40 SIMEX shares.

(3) The capital of SCCS is, on the transfer date, reduced by cancelling all issued SCCS shares as at the transfer date which are 34 SCCS shares.

(4) Every certificate representing a holding of SES shares, SIMEX shares or SCCS shares held immediately before the transfer date —

(a) is, on the transfer date, deemed to be cancelled; and

(b) ceases, on the transfer date, to have effect as a document of title of the shares comprised in that certificate.

(5) The reduction of the share capital of SES, SIMEX and SCCS under subsections (1), (2) and (3), respectively, is not subject to the requirements of section 73 of the Companies Act (Cap. 50,

1994 Revised Edition) (which provides for special resolution for reduction of share capital), as the case may be.

Capital creation and issue of shares of SES, SIMEX and SCCS

5.—(1) Immediately upon the reduction of the issued share capital of SES under section 4(1) taking effect, the capital of SES is increased to \$34 by the creation of 34 SES shares and such shares are allotted and issued and credited as fully paid-up to the transferee holding company on the transfer date.

(2) Immediately upon the reduction of the issued share capital of SIMEX under section 4(2) taking effect, the capital of SIMEX is increased to \$40 by the creation of 40 SIMEX shares and such shares are allotted and issued and credited as fully paid-up to the transferee holding company on the transfer date.

(3) Immediately upon the reduction of the issued share capital of SCCS under section 4(3) taking effect, the capital of SCCS is increased to \$34 by the creation of 34 SCCS shares and such shares are allotted and issued and credited as fully paid-up to the transferee holding company on the transfer date.

(4) The transferee holding company must, within 30 days of the transfer date, give a notice to the Registrar of Companies of the particulars of the capital reduction under section 4 and the capital creation under this section.

(5) Nothing in —

(a) the memorandum of association or articles of association of SES, SIMEX or SCCS; or

(b) the rules, regulations or by-laws of SES, SIMEX or SCCS, prohibits the capital reduction under section 4 and the capital creation under this section.

Allotment and issue of transferee holding company's shares

6.—(1) The transferee holding company must, on the transfer date, allot and issue to SES shareholders as at the transfer date such number of new transferee holding company's shares as amounting to \$6 million in value for each SES share, with the exception of the

SES shares held by any SES shareholder in involuntary liquidation as at 4 November 1998 including Associated Asian Securities (Pte) Limited (in liquidation).

(2) No fraction of a new transferee holding company's share may be allotted or issued to any SES shareholder.

(3) The transferee holding company must, on the transfer date, allot and issue —

(a) to SIMEX shareholders as at the transfer date, such number of new transferee holding company's shares as amounting to \$115,000 in value for each SIMEX share, with the exception of the SIMEX shares held by any SIMEX shareholder in involuntary liquidation as at 4 November 1998; and

(b) to registered owners of SIMEX seats as at the transfer date, such number of new transferee holding company's shares as amounting to \$170,000 in value for each SIMEX seat.

(4) No fraction of a new transferee holding company's share may be allotted or issued to any SIMEX shareholder or any registered owner of a SIMEX seat.

(5) The transferee holding company's shares issued under this section is —

(a) of such value as the Minister may, by notification in the *Gazette*, determine; and

(b) issued as fully paid and deemed for the purposes of the Companies Act 1967 as if they had been paid-up.

Transfer of reserves of SES, SIMEX and SCCS

7.—(1) The assets of SES, SIMEX and SCCS, respectively, certified under subsection (2) are to be transferred to the transferee holding company on such date or dates as the Minister may determine.

(2) For the purposes of subsection (1), the Minister must on the transfer date and from time to time certify, by notification in the *Gazette*, the description and value of the assets to be transferred to the

transferee holding company on such date or dates as the Minister may determine.

(3) For the purposes of this section, “assets” means property and assets of every description (whether present or future, actual or contingent) wheresoever situate, and includes property held on trust and securities, rights, benefits, powers and liabilities of every description.

Sale of transferee holding company’s shares by special purpose company

8.—(1) The transferee holding company must make a single offer to the special purpose company of such number of its shares for subscription, at such par value, as the Minister may, by written notice, direct.

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

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

[Act 4 of 2022 wef 21/03/2022]

(2) The special purpose company must, from time to time, offer for sale such number of the transferee holding company’s shares (whether acquired under subsection (1) or (1A)), at such price and on such terms, as the Minister may, by written notice, direct.

[Act 4 of 2022 wef 21/03/2022]

(3) Subdivision 2 of Division 1 of Part 13 of the Securities and Futures Act 2001 (which provides for prospectus requirements) does not apply to an offer of shares made by the transferee holding company under subsection (1) or by the special purpose company under subsection (2).

[42/2001]

(4) Section 76 of the Companies Act 1967 (which prohibits a company from financing dealings in its own shares) does not apply in relation to any guarantee, indemnity, warranty, representation or other undertaking given or obligation assumed by the transferee holding company or the special purpose company in relation to an offer of shares made under subsection (1) or (2).

(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.

[Act 4 of 2022 wef 21/03/2022]

Exemption from section 59 of Companies Act 1967

9. Section 59 of the Companies Act 1967 (which requires a statement in lieu of a prospectus on allotment of shares) does not apply to the issue of the transferee holding company’s shares under section 6 or 8.

Proceeds from sale of shares

10.—(1) The Authority is authorised to utilise the proceeds raised in connection with the sale of the transferee holding company’s shares made under section 8(2) to meet the expenses and fees associated with the demutualisation and merger of SES, SIMEX and SCCS, the formation of the transferee holding company and the special purpose company and the offer and sale of the transferee holding company’s shares.

(2) The remainder of the proceeds mentioned in subsection (1) must be paid by the special purpose company into the Financial Sector Development Fund.

[Act 4 of 2022 wef 21/03/2022]

Application of Companies Act 1967 to shares held by special purpose company

11.—(1) Despite section 139 or 140 of the Securities and Futures Act 2001 (relating to take-overs offers) and the Take-over Code mentioned in section 139(2) of that Act (called in this section the

Code), the transferee holding company's shares held by the special purpose company which it acquired under section 8(1) or (1A) are not to be taken into account in determining whether —

- (a) the special purpose company;
- (b) any other company that is deemed by virtue of section 6 of the Companies Act 1967 to be related to the special purpose company; or
- (c) a company acting in concert with the company mentioned in paragraph (a) or (b), as defined in the Code,

has acquired shares which carry the right to exercise or control the exercise of the votes attached to the transferee holding company's shares for the purposes of section 139 or 140 of the Securities and Futures Act 2001 or the Code.

[Act 4 of 2022 wef 21/03/2022]

[42/2001]

(2) Despite any of the provisions of the Companies Act 1967 or anything contained in the memorandum or articles of association of the transferee holding company or the special purpose company, the special purpose company must —

- (a) hold the transferee holding company's shares acquired by it under section 8(1) or (1A) for the benefit of the Financial Sector Development Fund;

[Act 4 of 2022 wef 21/03/2022]

- (b) not exercise or control the exercise of the votes attached to such shares;
- (c) not dispose of, or otherwise deal with such shares or create security interests over such shares without the prior approval of the Minister or as otherwise permitted under this Act; and
- (d) hold any dividend or other distribution paid in respect of such shares for the benefit of the Financial Sector Development Fund.

Application of Trustees Act 1967 to investment in transferee holding company

12.—(1) For the purpose of applying paragraph 1(1)(b), (c) and (d) of Part IV of the First Schedule to the Trustees Act 1967 as in force immediately before 15 December 2004 (which provides that securities of a company shall not count as authorised investments within the meaning of that Act unless the company has a shareholders equity of not less than \$30 million and has paid dividends in each of the relevant 3 years, and has reported a profit in the financial year immediately preceding that in which the investment is made) in relation to investment in securities of the transferee holding company during the financial year in which the transfer date falls (called in this section the first investment year) or during any financial year following that year, the transferee holding company is deemed —

- (a) to have paid a dividend as mentioned in the said paragraph 1(1)(b) in each financial year preceding the first investment year which is included in the relevant 3 years, and in the first investment year, if that year is included in the relevant 3 years and the transferee holding company does not in fact pay such a dividend in that year;
- (b) to have had a shareholders equity of not less than \$30 million as mentioned in the said paragraph 1(1)(c); and
- (c) to have reported a profit as mentioned in the said paragraph 1(1)(d) in the financial year preceding the first investment year, and in the first investment year, if the transferee holding company does not in fact report such a profit in that year.

(2) In subsection (1), “the relevant 3 years” means the 3 financial years immediately preceding the financial year in which the investment in question is made or proposed to be made.

13. [*Repealed by Act 4 of 2022 wef 21/03/2022*]

LEGISLATIVE HISTORY

EXCHANGES (DEMUTUALISATION AND MERGER) ACT 1999

This Legislative History is a service provided by the Law Revision Commission on a best-efforts basis. It is not part of the Act.

1. Act 27 of 1999 — Exchanges (Demutualisation and Merger) Act 1999

Bill	:	20/1999
First Reading	:	6 July 1999
Second and Third Readings	:	4 August 1999
Commencement	:	8 October 1999 (except sections 19(a), (b) and (c) and 20(d), (e), (f), (h) and (i)) 1 December 1999 (section 20(d), (e), (f), (h) and (i)) 1 October 2000 (section 19(a), (b) and (c))

2. 2000 Revised Edition — Exchanges (Demutualisation and Merger) Act (Chapter 99B)

Operation	:	30 December 2000
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3. Act 42 of 2001 — Securities and Futures Act 2001

(Amendments made by section 343(1) read with item (7) of the Fourth Schedule to the above Act)

Bill	:	33/2001
First Reading	:	25 September 2001
Second and Third Readings	:	5 October 2001
Commencement	:	1 January 2002 (section 343(1) read with item (7)(c) of the Fourth Schedule) 1 July 2002 (section 343(1) read with item (7)(b) of the Fourth Schedule) 1 October 2002 (section 343(1) read with item (7)(a) and (d) of the Fourth Schedule)

4. 2020 Revised Edition — Exchanges (Demutualisation and Merger) Act 1999

Operation	:	31 December 2021
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5. Act 4 of 2022 — Exchanges (Demutualisation and Merger) (Amendment) Act 2022

Date of First Reading	:	4 October 2021 (Bill No. 28/2021)
Date of Second and Third Readings	:	11 January 2022
Date of commencement	:	21 March 2022

Abbreviations

C.P.	Council Paper
G.N. No. S (N.S.)	Government Notification Number Singapore (New Series)
G.N. No.	Government Notification Number
G.N. No. S	Government Notification Number Singapore
G.N. Sp. No. S	Government Notification Special Number Singapore
L.A.	Legislative Assembly
L.N.	Legal Notification (Federal/Malaysian Subsidiary Legislation)
M. Act	Malayan Act/Malaysia Act
M. Ordinance	Malayan Ordinance
Parl.	Parliament
S.S.G.G. (E) No.	Straits Settlements Government Gazette (Extraordinary) Number
S.S.G.G. No.	Straits Settlements Government Gazette Number

COMPARATIVE TABLE
EXCHANGES (DEMUTUALISATION
AND MERGER) ACT 1999

This Act has undergone renumbering in the 2020 Revised Edition. This Comparative Table is provided to help readers locate the corresponding provisions in the last Revised Edition.

2020 Ed.	2000 Ed.
—	13 [<i>Repealed by Act 42 of 2001</i>]
—	14 [<i>Repealed by Act 42 of 2001</i>]
—	15 [<i>Repealed by Act 42 of 2001</i>]
—	16 [<i>Repealed by Act 42 of 2001</i>]
13	17