

Financial Services Bulletin

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Articles

Banking

MAS proposes amendments to MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore

On 15 January 2010, the Monetary Authority of Singapore (the “**MAS**”) issued a consultation paper inviting comments on proposed amendments to MAS Notice 637 (the “**Notice**”) which establishes the minimum capital adequacy ratios for a bank incorporated in Singapore (“**bank**”).

The changes proposed are to:

- incorporate a package of measures approved by the Basel Committee on Banking Supervision (“**BCBS**”) in July 2009 to strengthen the rules governing trading book capital and enhance the three pillars of the Basel II framework; and
- fine-tune the Notice following from the ongoing policy review of the capital rules and guidance by the MAS.

The public consultation period will close on **19 February 2010**.

The key proposed amendments to the Notice are highlighted below.

Revisions to the market risk capital requirements

- To apply the capital charges of the banking book to securitised exposures held in the trading book, with a limited exception for certain correlation trading activities.
- For unsecuritised credit exposures, there would be enhanced coverage of the incremental risk capital charge (under the internal models approach) to include the effects of migration risk in addition to default risk.
- To introduce a stressed value-at-risk requirement (under the internal models approach), which takes into account a one-year observation period relating to significant losses relevant to the bank’s portfolio.

Enhancements to Pillar 1 on securitisations

- To introduce higher risk weights for resecuritisation exposures and an increase in the credit conversion factor for short-term liquidity facilities to off balance sheet conduits.
- To eliminate the favourable capital treatment afforded to general market disruption liquidity facilities.
- To disallow banks from recognising external ratings for exposures subject to self-guarantees.
- To require banks to conduct more rigorous credit analyses of externally-rated securitisation exposures.

Enhancements to Pillar 2 on risk management and capital planning processes

- To update the guidance on the ICAAP of a bank in the following areas to take into account lessons learned from the recent global financial crisis:
 - bank-wide risk oversight;
 - risk concentrations;
 - reputational risk; and
 - stress testing practices.

The ICAAP refers to the internal capital adequacy assessment process that a bank should put in place for determining the adequacy of its capital to support all risks to which it is exposed.

Enhancements to Pillar 3 on disclosures relating to securitisation activities of banks

- To enhance disclosure requirements for securitisation exposures in the trading book, sponsorship of off-balance sheet vehicles, resecuritisation exposures, and pipeline and warehousing risks.
- To incorporate additional disclosure requirements for market risk exposures, including those relating to the incremental risk charge and stressed value-at-risk.

Refinements to capital treatment of equity exposures in banking book

- To revise the risk weights for equity exposures in the banking book.
- To allow banks to apply the full range of applicable approaches and risk weights for equity exposures held in the banking book to their private equity and venture capital (“**PE/VC**”) investments.

Capital treatment of capital investments in major stake companies

- To require the full deduction of capital investments in associated companies approved under section 32 of the Banking Act.
- To require deduction from capital PE/VC investments which have exceeded the permitted holding periods instead of applying for extensions on a case-by-case basis.

Reference material

Please [click here](#) to view the full text of the consultation paper on the MAS website www.mas.gov.sg

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Insurance

MAS reviews age of capacity to enter into insurance contracts

The Monetary Authority of Singapore (the “MAS”) is conducting a public consultation on its proposal to remove the minimum age of capacity to enter into an insurance contract, provided written consent from the policy owner’s parent or guardian is obtained for policy owners below the age of 18.

The MAS’ proposals are set out in a consultation paper it issued on 6 January 2010.

Removing minimum age of capacity to enter into insurance contract

Currently, section 58 of the Insurance Act provides that persons who are 10 years or older may enter into an insurance contract. For those who are below the age of 16, the written consent of a parent or guardian is required before they may do so.

The MAS suggests removing the minimum age of capacity to enter into an insurance contract as it is of the view that the requirement for written consent from a parent or guardian should provide sufficient safeguard against a minor inadvertently entering into a contract of insurance or surrendering his policy.

Age of independent capacity to enter into insurance contract

With effect from 1 March 2009, the age of contractual capacity in Singapore has been lowered from 21 years to 18 years.

Currently, under the Insurance Act, the age of capacity to enter into an insurance contract is 16 years as those who are 16 or older may enter into an insurance contract without parental consent.

The MAS proposes to align the age of capacity to enter into an insurance contract with the age of contractual capacity for all other types of contracts. In other words, the minimum age at which a person can own an insurance policy without parental consent will be raised from 16 to 18 years.

Dealing with an insurance policy

As it stands, section 58 of the Insurance Act only provides for the ownership and surrendering of insurance policies by a person who is 16 or younger. Section 58 is silent on all other dealings relating to an insurance policy, e.g. assignment, delegation and taking out of policy loan.

The MAS proposes to expand the scope of section 58 to encompass not only policy ownership but all dealings relating to the policy.

Closing date for submission of feedback

The public consultation remains open until 8 February 2010 for the submission of comments.

Reference material

Please [click here](#) to access the consultation paper on the MAS website www.mas.gov.sg

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MAS consults on Policy Owners' Protection Fund schemes and insurance resolution

On 23 December 2009, the Monetary Authority of Singapore (the "MAS") announced that it is reviewing two sets of measures to strengthen the protection of insurance policy owners and has begun public consultations on both.

The first set of measures relates to the Policy Owners' Protection Fund ("PPF"), which is funded by the industry to compensate policy owners in the event of the default of an insurer. The second set of measures seeks to enhance the MAS' powers relating to the resolution of insurers in Singapore.

The consultation period for both sets of measures conclude on 29 January 2010.

PPF schemes

Background

The Insurance Act provides for separate PPF schemes for life and general insurance to compensate policy owners of life policies and compulsory insurance policies (e.g. insurance required under the Work Injury Compensation Act), respectively. The MAS had earlier commenced a review of the existing PPF schemes to ensure that they keep pace with industry and regulatory developments.

The MAS issued a consultation paper in December 2005 on the first phase of the PPF review which covered issues relating to the membership, scope and level of coverage, continuity of coverage, funding and size of levies. At that time, it was proposed then that the PPF would provide compensation of up to S\$500,000 for sums assured and S\$100,000 for surrender value of policies covered under the PPF life insurance scheme.

Current consultation

The second consultation paper revisits some of the issues covered in the first consultation paper to take into account developments since then. The MAS proposes the provision of 100 per cent. coverage of protected liabilities of all life, accident and health policies under the PPF life insurance scheme. Section 46 of the Insurance Act currently protects 90 per cent. of an insurer's liability on any life policy in the event of default of the insurer. The MAS believes that this proposal will allow for better protection to policy owners. Similarly, the MAS proposes to cover 100 per cent. of liabilities of all protected lines under the PPF general insurance scheme.

The second consultation paper also sets out proposals relating to the implementation details of the PPF schemes including:

- Governance and administration of the PPF;
- Management of the PPF;
- Collection of levies;
- Payouts using PPF monies; and
- Priority ranking of liabilities.

Insurance resolution

The MAS also seeks to enhance its powers relating to the resolution of insurers, in order to strengthen the MAS' ability to secure continuity in insurance coverage, particularly for life policies.

This consultation paper sets out the powers that the MAS proposes to introduce in the Insurance Act that will apply before an insurer goes into liquidation (i.e. when the insurer is in financial difficulties), where an insurer has gone into liquidation (i.e. when the insurer has failed), and where an insurer enters into a scheme of arrangement under the Companies Act.

The MAS has also reviewed the powers provided for under the Banking Act with respect to bank resolutions and also considered the resolution powers in other jurisdictions. The MAS notes that many of the powers in the Banking Act for bank resolutions are also relevant to insurance resolutions and intends to align the insurance resolution framework to the bank resolution framework in respect of these powers.

As the proposed powers have some impact on the application of the Companies Act, the MAS will also seek the views of the Ministry of Law, the Attorney-General's Chambers, and the Accounting and Corporate Regulatory Authority on these proposed powers.

Reference materials

To view the consultation paper on PPF schemes, please [click here](#). To view the consultation paper on insurance resolution, please [click here](#). Both consultation papers are available on the MAS website www.mas.gov.sg

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Mergers & Acquisitions

SIC issues Practice Statement on announcements relating to possible offers

The Securities Industry Council (the "SIC") issued a Practice Statement on 13 January 2010 regarding the announcement requirements relating to a possible offer.

Where a target company is the subject of rumour or speculation of a possible offer, there is undue movement in the target company's share price, or there is a significant increase in the volume of share turnover of the target company, the party concerned has to make an announcement depending on the circumstances of the case.

The Practice Statement provided guidance and clarification in respect of the following:

- Responsibility for announcements
- Announcement timing
- Content of holding announcements
- Updates to holding announcements

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Reference material

Please [click here](#) for the full text of the Practice Statement posted on the MAS website www.mas.gov.sg

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Moneylenders

Parliament passes Moneylenders (Amendment) Bill 2009: Enhancing enforcement measures against unlicensed moneylenders

On 12 January 2010, the Parliament passed the Moneylenders (Amendment) Bill 2009 (the “**Bill**”) which seeks to amend the Moneylenders Act 2008 (the “**Act**”) to introduce, among other things, the following changes to enhance enforcement measures against unlicensed moneylenders:

- Empower the Minister for Law to issue an order to freeze the dealing of any property or any funds in any bank account that has been identified as proceeds of unlicensed moneylending;
- Empower the Public Prosecutor to order the inspection of documents of a bank which contain bank customer information if he considers that these documents contain any evidence of the commission of an offence of unlicensed moneylending or harassment or intimidation of any borrower or surety;
- Impose stiff penalties including mandatory jail terms, hefty fines and caning on adults who use youngsters under 16 to run loan-sharking operations or harass debtors; and
- Increase the penalties for the offence of unlicensed moneylending and harassment or intimidation of any borrower or surety.

In addition, the Bill also extends the scope of the Act so that a person who carries on, from a place outside Singapore, the business of moneylending in Singapore shall be treated as having carried on that business in Singapore and, accordingly, shall be subject to the Act and its sanctions.

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Regulatory

MAS proposes to remove accredited investors exemption from securities lending rules for brokers and other changes

The Monetary Authority of Singapore (the “**MAS**”) conducted a public consultation between 24 December 2009 and 29 January 2010 on proposed changes to the securities lending rules for financial institutions (the “**MAS Consultation Paper**”).

Currently, the regulatory requirements for securities lending activities are set out in:

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- MAS Notice 113 on Securities Lending Activities for insurers; and
- Regulation 45 of the Securities and Futures (Licensing and Conduct of Business) Regulations for capital markets services licence holders, as well as banks, merchant banks and finance companies which conduct dealing in securities but are exempted from holding a capital markets services licence (collectively referred to as the “**brokers**”).

At present, the requirements for insurers and brokers are different in some aspects.

The MAS Consultation Paper contains the following proposals that are intended to harmonise these differences:

- Removal of the accredited investors exemption for brokers where brokers are exempted from complying with the securities lending rules when they are entering into securities lending transactions with an accredited investor;
- Prescribing the minimum provisions in the securities lending agreements; and
- Standardising the collateral requirements in the securities lending rules for insurers and brokers.

Please [click here](#) to access the MAS Consultation Paper which is available on the MAS website www.mas.gov.sg

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Parliament passes Government Securities (Amendment) Bill 2009: Enabling early redemption of Government securities and regulation of primary dealers

The Government Securities (Amendment) Bill 2009 (the “**Bill**”) was passed by Parliament on 11 January 2010. The Bill is not in force yet.

When in force, the Bill will amend the Government Securities Act for the following purposes:

- **Regulating primary dealers:** The Monetary Authority of Singapore (the “**MAS**”) will be expressly empowered to regulate primary dealers who are in the business of applying on behalf of others to purchase Singapore Government securities (“**SGS**”) pursuant to a public invitation or offering to redeem SGS on behalf of another, or both. For this purpose, a new Part VIIA will be introduced to provide for various matters including the appointment of primary dealers by the MAS and the conditions of appointment. Part VIIA will also allow the MAS to issue directions to revoke the appointment of, suspend and inspect the primary dealers.
- **Early redemption of Government securities:** A new section 24A will allow the MAS to invite the public to apply to redeem at market price specified SGS before their maturity date.

- **Securities lending arrangements by MAS using SGS:** The MAS will be explicitly authorised to enter into securities lending arrangements involving the lending of SGS to primary dealers. Lending SGS will include an arrangement under which SGS are sold and repurchased.

It is explained in the Second Reading Speech that the second and third amendments together will enhance the MAS' existing repo facility. The amount of SGS which the MAS can lend currently is limited to its own holdings. When demand for specific SGS exceeds the MAS' holdings, the Government can issue new SGS to the MAS to on-lend to primary dealers on an overnight basis. The Government will then redeem the SGS the following day, to be allowed for under the proposed second amendment.

Reference materials

Please [click here](#) for the Second Reading Speech delivered in Parliament by Mrs Lim Hwee Hua, Second Minister for Finance. The speech is posted on the Ministry of Finance website www.mof.gov.sg

To read the full text of the Bill on the Singapore Parliament website www.parliament.gov.sg, please [click here](#).

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Securities & Futures

English High Court rules on conditional payments provision of 1992 ISDA Master Agreement

Marine Trade SA v Pioneer Freight Futures Co Ltd BVI & Anor
[2009] EWHC 2656 (Comm)

In *Marine Trade SA v Pioneer Freight Futures Co Ltd BVI & Anor*, the English High Court considered the scope and effect of parts of Section 2 of the 1992 ISDA Master Agreement (the "IMA").

Background facts

Between May 2007 and September 2008, Marine Trade SA ("**Marine Trade**") and Pioneer Freight Futures Co Ltd BVI ("**Pioneer**") entered into 14 Forward Freight Agreements ("**FFAs**"). The FFAs constituted a Master Agreement on the terms of the IMA as amended by the 2007 Terms of the Forward Freight Agreement Brokers Association (the "**FFABA Terms**").

Each FFA was a cash-settled contract for differences referenced to the Index rate or rates published by the Baltic Exchange as selected by the parties. Every contract month a settlement sum was calculated for each FFA from the contract rate agreed between the parties, the settlement rate for that contract month derived from the Baltic Exchange indices, and the number of days in the month.

Due to the downturn in the freight market at the end of 2008, there was a significant difference between the contract rates fixed under the FFAs in a better market and the settlement rates fixed by reference to the Baltic Exchange indices. As a result, each of the FFAs was substantially "in the money" for whichever party was "the seller" under a particular FFA.

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The dispute

The settlement sums calculated for the January 2009 Contract Month meant that approximately US\$7 million was due to Marine Trade and US\$12 million to Pioneer. As a result, subject to the issues for decision in the case, there was a potential net balance in favour of Pioneer of US\$5 million.

The dispute arose because Marine Trade believed that at the time Pioneer was unable to pay its debts as they fell due, an event of default under the IMA. Marine Trade argued that Pioneer was therefore not entitled to set off the sums owed to it by Marine Trade against the sums it in turn owed to Marine Trade. Pioneer, however, invoiced Marine Trade for US\$5 million and served a notice of failure to pay when Marine Trade failed to make this payment on the due date. To avoid early termination of the FFAs, which would have meant payment of a substantial sum to Pioneer, Marine Trade paid the US\$5 million under protest in February 2009. However, Marine Trade then commenced the proceedings in this case to recover the outstanding settlement sum of US\$7 million from Pioneer.

Relevant IMA provisions

The main IMA provisions under consideration in the case were as follows:

- **Section 2(a)(iii):** “Each obligation of each party under Section 2(a)(i) [i.e. the obligation to make payments when due] is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing”; and
- **Section 2(c) as amended by Clause 9 of the FFABA Terms:** “If on any date amounts would otherwise be payable:
 - in the same currency; and
 - in respect of [two or more Transactions],

by each party to the other, then, on such date, each party’s obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount”.

Issues for determination

Pioneer admitted its inability to pay its debts when they fell due at the time of settlement of the January 2009 contract month. As such it was affected by an event of default under the IMA at that time. The judge therefore accepted that, as a result of Section 2(a)(iii) of the IMA, Marine Trade had not actually been obliged to pay the US\$5 million to Pioneer.

A number of other issues arose in the case with the key ones being:

- As a result of Pioneer’s event of default, could the settlement sums in favour of Pioneer be netted under Section 2(c) of the IMA against the settlement sums in favour of Marine Trade?

- What (if anything) became due to Marine Trade from Pioneer for the January 2009 contract month? If a sum did become due, was Pioneer still under an obligation to pay it?
- Should a declaration be made on what the parties' obligations would be if Pioneer ceased to be affected by the event of default in the future?

Netting under Section 2(c) of the IMA

The judge gave an ordinary language interpretation of this clause and found that "payable" clearly meant "now due and owing for immediate payment" and not payable only if and when a condition was met. He also found that, taking the word "payable" in the context of the agreement as a whole, for the netting provision to apply there must be a current enforceable obligation to pay. Therefore, the effect of non-compliance with the condition in Section 2(a)(iii) of the IMA (here, Pioneer being affected by an event of default) is that payments that would otherwise be due do not actually become payable (here, Pioneer's settlement sum of US\$12 million did not become payable so was therefore unavailable for netting against Marine Trade's settlement sum of US\$7 million).

Effect of an event of default under Section 2(a)(iii) of the IMA

At the case's outset, Pioneer argued that Marine Trade was also affected by an IMA event of default at the time of the January 2009 contract month's settlement. During the hearing it accepted that this had not actually been the case and the judge therefore held that the full US\$7 million had become due and payable by Pioneer to Marine Trade on the settlement date.

However, the judge did find that Marine Trade had been affected by an IMA event of default since May 2009. He therefore considered the effect that had on the unpaid US\$7 million due from Pioneer. The judge held that, in relation to Section 2(a)(iii) of the IMA, the requirement to satisfy the conditions precedent arises only once, at the time the settlement sum falls due. Applying recognised principles of contractual construction he stated that "where a contractual obligation (and corresponding contractual right in favour of the other party) has accrued, it would require clear words in the contract to remove that obligation and corresponding right at some later stage".

The judge found that there were no such clear words in the relevant agreements. As a result, because Marine Trade was not affected by an IMA event of default on the settlement date, Pioneer remained under an obligation to pay the US\$7 million regardless of the fact that Marine Trade became so affected at a later date. The judge felt that to interpret Section 2(a)(iii) of the IMA otherwise would be to create a defaulter's charter. If a party subsequently became affected by an event of default, the party who should have paid on the settlement date could take advantage of its payment delay and use the fact that the condition precedent was not then being complied with as an excuse for non-payment. This would be particularly wrong if the non-payment actually contributed to the other party becoming bankrupt within the meaning of the IMA and, therefore, subject to an event of default.

Application of Section 2(a)(iii) of the IMA if an event of default is remedied

Pioneer had originally claimed that, although subject to an IMA event of default on the settlement date, it was no longer affected by it at a later date and Marine Trade's obligation to pay its settlement sum therefore arose at that date. As Pioneer then accepted that it had been affected by an IMA event of default at all material times the issue did not strictly arise for

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decision in the case. However, as the point had been argued, the judge expressed his views on it.

The judge stated that Sections 2(a)(i) and (iii) of the IMA are “one time” provisions for the assessment and calculation of whether a sum is owed at the end of a contract month. In his opinion “there is nothing in the wording of the provisions of the contract to suggest that if [a] condition precedent is fulfilled at some later date, some obligation to pay then springs up”.

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Singapore Exchange

SGX proposes new Mainboard listing criteria and introduction of SPACs

The Singapore Exchange Limited (the “**SGX**”) is proposing changing the Mainboard listing criteria, raising the issue price in initial public offerings (“**IPOs**”) or reverse take-over applications, and introducing a separate listing framework for Special Purpose Acquisition Companies (“**SPACs**”).

These proposals were disclosed in a consultation paper issued by the SGX on 6 January 2010.

Revising SGX-ST Mainboard listing criteria

The SGX is proposing to revise the existing listing criteria so that a company seeking a Mainboard listing must satisfy one of the following two quantitative criteria:

- **Criterion 1:** Be profitable in the latest financial year and have an operating track record of at least three years and a market capitalisation of not less than S\$150 million based on the issue price and post-invitation issued share capital; or
- **Criterion 2:** Have generated operating revenue in the latest financial year and a market capitalisation of not less than S\$300 million based on the issue price and post-invitation issued share capital.

The proposed new Mainboard listing criteria will apply to both IPOs and reverse take-over applications alike.

The SGX expects to implement the proposed new Mainboard listing criteria in the fourth quarter of 2010.

Raising minimum issue price in IPOs and reverse take-over applications

The SGX is also proposing to raise the minimum issue price in an IPO or a reverse take-over application from S\$0.20 to S\$0.50.

Listing framework for SPACs

In the consultation paper, the SGX characterises a SPAC as a shell company seeking an IPO to raise funds which will be used to acquire operating businesses through business combinations. Business combinations may take the form of a merger, share exchange, share acquisition, share purchase or reorganisation involving one or more

operating businesses or assets. As the SGX has seen an increasing interest in the introduction of SPACs in Singapore, it is proposing a separate listing framework for such companies with appropriate safeguards.

Submission of comments to SGX

The public consultation remains open for the submission of comments until 3 February 2010.

Reference material

Please [click here](#) to access the SGX consultation paper which is available on the SGX website www.sgx.com under "SGX Corporate Home".

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SGX guidelines for trading members and trading representatives on proper trading conduct for the handling of orders causing adverse market impact

On 23 December 2009, the Singapore Exchange Limited ("SGX") issued guidelines highlighting that Trading Members and Trading Representatives should exercise particular care when handling large orders, as they may result in market manipulation and affect market orderliness.

Orders causing adverse market impact

The SGX emphasised that Trading Members and Trading Representatives are free to employ different trading strategies. However, as large orders entered within a short period of time have greater potential to create price dislocation they should ask their clients to provide them with the rationale behind any orders likely to adversely impact the market.

Guidelines on handling large orders

The SGX then provided the guidelines below for Trading Members and Trading Representatives to follow when entering or handling large orders:

- Exercise skill and judgment and consider whether the orders may cause price dislocation in the security, particularly if the size of the order is large in the context of that security or cannot be easily absorbed.
- Always keep their obligations to the market in mind when carrying out trading strategies. They should know their customers and be satisfied that the traders are commercially legitimate.
- Properly manage order entry in accordance with the prevailing order book depth.
- Refuse an order if they think its execution may result in a disorderly market, facilitate commission of an offence, or breach SGX rules.

Applicable rules

The SGX also highlighted the relevant SGX-ST Trading Rules, which prohibit Trading Members and Trading Representatives from:

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- Engaging in, or knowingly acting with any other person in, any act or practice that will, or is likely to lead to, market manipulation or a false market; and
- Participating in any prohibited market conduct or knowingly assisting a person in such conduct.

In addition, Trading Members and Trading Representatives must adhere to the principles of good business practice in the conduct of their affairs.

Education of clients

To comply with the principles of good business practice, Trading Members should have adequate policies, procedures and controls in place to manage orders and monitor transactions that may cause unwarranted market volatility.

In this regard, the SGX strongly advises Trading Members to advise their clients on the proper handling of large orders, especially overseas clients who may be less familiar with local market conditions. Trading Members should also advise their clients on proper trading conduct and practices to avoid facing potential regulatory exposure for dislocating the market.

Reference material

The release containing these guidelines appears in the Regulator's Column of the SGX's website www.sgx.com. If you wish to view the release in the Regulator's Column, please [click here](#).

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Tax

IRAS circular provides guidance and clarification on new tax framework for corporate amalgamations

A new tax framework for qualifying corporate amalgamations ("**Qualifying Amalgamations**") has been introduced to minimise the tax consequences arising from corporate amalgamations. The legislative provisions for the new framework are introduced by the Income Tax (Amendment) Act 2009.

On 20 January 2010, the Inland Revenue Authority of Singapore (the "**IRAS**") issued a circular entitled "Tax Framework for Corporate Amalgamations" to provide administrative guidance on the new framework.

Scope of new framework

A Qualifying Amalgamation is an amalgamation where the notice of amalgamation under section 215F of the Companies Act or the certificate of approval under section 14A of the Banking Act is issued on or after 22 January 2009. The Minister for Finance may also approve an amalgamation as a Qualifying Amalgamation where the amalgamation has a similar effect as a statutory voluntary amalgamation under the Companies Act.

Generally under the new framework, the amalgamated company would continue to carry on the businesses of the amalgamating companies as if there is no cessation of the existing businesses of the amalgamating companies and the amalgamated company takes over the assets, rights and liabilities of the amalgamating companies.

Reference material

Please [click here](#) for the full text of the IRAS circular which is available from the IRAS website www.iras.gov.sg

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In brief

Competition Commission of Singapore reviews block exemption order for liner shipping agreements

On 19 January 2010, the Competition Commission of Singapore (the “**CCS**”) announced that the CCS is reviewing the necessity of continuing the Competition (Block Exemption for Liner Shipping Agreements) Order 2006 (the “**BEO**”) after its expiry on 31 December 2010. The BEO was gazetted on 14 July 2006 and deemed to take effect retrospectively from 1 January 2006 until 31 December 2010.

Please [click here](#) to read an article about this development in the January 2010 issue of the Allen & Gledhill Legal Bulletin.

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Singapore Court of Appeal clarifies responsibilities of employers with employees working at heights and those working on third-party premises

Chandran a/l Subbiah v Dockers Marine Pte Ltd [2009] SGCA 58

The Singapore Court of Appeal in *Chandran a/l Subbiah v Dockers Marine Pte Ltd* had the opportunity to clarify the responsibilities employers have when their employees work at heights and on third-party premises. The court’s judgment is also instructive for its detailed discussion of the employers’ duty of care in general and the relevance of foreign caselaw, as well as its observations on the relevance of industry codes.

Please [click here](#) to read an article about this case in the January 2010 issue of the Allen & Gledhill Legal Bulletin.

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News

Acquisition of UOB Life Assurance Limited by Prudential Singapore Holdings Pte Ltd

Prudential Singapore Holdings Pte Ltd (“**Prudential**”), a wholly-owned subsidiary of UK Prudential plc, entered into a sale and purchase agreement with United Overseas Bank Limited for the purchase of all the interests in Singapore based UOB Life Assurance Limited for a cash consideration of approximately S\$428 million. The transaction also involves the setting up of

bancassurance arrangements between the two groups in Singapore, Thailand and Indonesia.

Advising Prudential are Allen & Gledhill LLP Partners Andrew M. Lim, Richard Young, Lim Chong Ying, Sunit Chhabra, Lim Pek Bur and Francis Mok and Senior Associates Gracie Goh, Sylvia Taslim, David Teo and Catherine Neo.

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Completion of offerings of third, fourth and fifth series of notes guaranteed by Temasek Holdings (Private) Limited

Temasek Financial (I) Limited (“**Issuer**”) has completed the offerings of US\$500 million 5.375 per cent. Guaranteed Debentures due 2039, S\$300 million 4.0 per cent. Guaranteed Notes due 2029 and S\$300 million 4.2 per cent. Guaranteed Notes due 2039 under the Issuer’s US\$5 billion Guaranteed Global Medium Term Note Program (“**Program**”). These notes are unconditionally and irrevocably guaranteed by Temasek Holdings (Private) Limited (“**Temasek**”). This marks the third issuance of US\$-denominated Guaranteed Notes and the first and second issuances of S\$-denominated Guaranteed Notes by the Issuer under the Program. Temasek is rated AAA by Standard & Poor’s and Aaa by Moody’s Investors Service.

Advising Temasek and the Issuer as to Singapore law are Allen & Gledhill LLP Partners Yeo Wico, Andrew Chan, Sunit Chhabra and Glenn Foo, Senior Associate David Teo and Associates Yu Hanwen and Wee Li-En.

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Queensley Holdings Limited’s issue of notes and redeemable preference shares

Queensley Holdings Limited (“**Queensley**”) has issued S\$320 million secured fixed rate senior notes due 2012, S\$151 million secured fixed rate junior notes due 2012 and S\$78 million redeemable preference shares (collectively, the “**Securities**”) in the securitisation of the property known as “Capital Square”. The proceeds from the issue of the Securities were used to redeem the existing bonds issued by Queensley. The senior notes and the junior notes are secured by, *inter alia*, a mortgage over Capital Square. The senior notes are listed on the Singapore Exchange Trading Securities Limited and the junior notes and the redeemable preference shares were wholly subscribed for by CAPITAL PLAZA Holding GmbH & Co. Singapur KG. The issue of the senior notes is the largest Singapore dollar corporate bond issue in a single tranche in Singapore this year.

Advising Australia and New Zealand Banking Group Limited (arranger and manager in respect of the issue by Queensley) and DBS Trustee Limited (as trustee for the holders of the senior notes and the junior notes) are Allen & Gledhill LLP Partners Margaret Chin, Margaret Soh and Magdalene Leong, Senior Associate Ong Kangxin and Associate Gillian Cheong.

Advising Queensley and Capital Square Pte Ltd (the owner of Capital Square) are Allen & Gledhill LLP Partner Jerry Koh, Senior Associate Long Pee Hua and Associate Wu Zhiyou.

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Allen & Gledhill wins Financial Times and Mergermarket M&A Award for South East Asia Legal Advisor of the Year two years in a row

Allen & Gledhill LLP has been named South East Asia Legal Advisor of the Year 2009 in the Financial Times and Mergermarket Asia Pacific M&A Awards. This is the second consecutive year the Firm has won this award since its inception in 2008. The M&A Awards recognise mergers and acquisitions expertise excellence in the Asia-Pacific region.

The winners were chosen based on M&A transaction data from mergermarket.com and independent expert opinion from a panel of leading Asian M&A practitioners.

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Appointment of Dr Stanley Lai as Senior Counsel

We are pleased to announce that our Head of Intellectual Property & Technology, Dr Stanley Lai, has been appointed as Senior Counsel on 9 January 2010 at the opening of the legal year. The appointment of Senior Counsel is given to those with outstanding ability as advocates, extensive knowledge of law and high professional standing.

Stanley is a specialist in all forms of Intellectual Property litigation and enforcement. He also maintains a commercial litigation practice, and regularly advises and represents clients on information technology disputes. Stanley advises a large number of local and foreign clients on branding strategy, and general IP portfolio management and domain name protection. Stanley's practice has also extended to advising bio-medical and pharmaceutical companies on issues of regulatory/ethical compliance, clinical trials, product recall and product liability. Stanley graduated from the University of Leicester with an LLB (Hons) degree in 1992. He was called to the Bar at Lincoln's Inn in 1993. He obtained an LLM from the University of Cambridge in 1994 and was called to the Singapore Bar in 1995. Stanley then commenced his Ph.D research at the University of Cambridge in the field of technology law and computer software copyright and completed his doctorate within three years. He is the first Singapore-born lawyer to have been conferred a Ph.D in Law from the University of Cambridge.

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New Partners

Allen & Gledhill LLP is pleased to announce the election of eight new Partners with effect from 1 January 2010. To view the announcement, please [click here](#).

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Allen & Gledhill LLP (UEN/Registration No. T07LL0925F) is registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A) with limited liability. A list of the Partners and their professional qualifications may be inspected at the address specified above. Contact particulars of the Partners may be found on the Allen & Gledhill website www.allenandgledhill.com