

Exchanges (Demutualisation and Merger) Bill

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Bill No: 20/1999

Read the first time: 6th July 1999

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Exchanges (Demutualisation and Merger) Bill

Bill No. 20/1999

Read the first time on 6th July 1999.

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, to amend the Monetary Authority of

Singapore Act (Chapter 186 of the 1985 Revised Edition) to provide for the establishment of a Financial Sector Development Fund and to make consequential amendments to certain other written laws.

WHEREAS:

- (A) The Stock Exchange of Singapore Limited is a public company limited by shares incorporated in Singapore under the Companies Act (Chapter 50) 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 (Chapter 289).
- (B) The Singapore International Monetary Exchange Limited is a public company limited by shares incorporated in Singapore under the Companies Act 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 (Chapter 116).
- (C) The Securities Clearing and Computer Services (Pte) Limited is a company limited by shares incorporated in Singapore under the Companies Act 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.

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1.—(1) This Act may be cited as the Exchanges (Demutualisation and Merger) Act 1999 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

(2) The Minister may appoint different dates for the coming into operation of the different provisions of this Act.

Interpretation

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

- “auditor” means an approved company auditor as defined in section 4 of the Companies Act (Cap. 50);
- “Authority” means the Monetary Authority of Singapore established under section 3 of the Monetary Authority of Singapore Act (Cap. 186);
- “Financial Sector Development Fund” means the Financial Sector Development Fund established under Part IVA of the Monetary Authority of Singapore Act;
- “record” means information that is inscribed, stored or otherwise fixed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form;
- “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;
- “rules”, in relation to the transferee holding company, means the rules governing the transferee holding company and its members, by whatever name called and wherever contained, and includes rules contained in the memorandum of association and the articles of association of the transferee holding company;
- “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.

Transfer date and designation of companies

3.—(1) The transfer date shall be such date as the Minister may, by notification in the *Gazette*, appoint.

(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 shall, on the transfer date, be reduced by cancelling all issued SES shares as at the transfer date which shall be 34 SES shares.

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

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

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

- (a) be deemed to be cancelled; and
- (b) cease 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 shall not be subject to the requirements of section 73 of the Companies Act (Cap. 50) (which provides for special resolution for reduction of share capital).

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 shall be increased to \$34 by the creation of 34 SES shares and such shares shall be 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