

Clarifying the Code

The Monetary Authority of Singapore is amending the Takeover Code to bring clarity to takeover scenarios that have competing bids. These are some of the key changes:

Resolution of competing offers

- Offer-period timetables that govern how long bidders have to revise or conclude their offers will now be aligned to the latest competing offer.
 - Parties who have made known their possible intention to make a bid have 53 days from the despatch of the initial offer document to announce either a firm offer or declare their intention not to bid.
 - If no bidder in a competitive situation has declared its final bid by the 46th day of the current offer period and parties have not agreed to an alternative process, a five-day auction process will kick in that allows both sides to revise their offers.
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Boards of target companies

- Boards of target companies may seek a competing offer without being deemed to be frustrating the existing offer.
 - Boards of target companies may share management projections and forecasts with independent financial advisers.
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Timely disclosures

- Material changes to information previously published in an offer must now be disclosed 'promptly', instead of the previous requirement that it only be disclosed in the next set of documents to shareholders.
 - Target companies may post offer documents earlier than 14 days after the date of the offer announcement.
 - Pre-conditions in an offer must, among other requirements, be objective and reasonable, offer a reasonable period of time for fulfilment, and not be unreasonably used to cause the offer to lapse.
 - The ratio of offer values for different classes of equity, such as common stock and preference shares, may rely on the simple average daily volume weighted average traded prices over at least three months when traded prices are available.
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