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DREW & NAPIER LLC

# LEGAL UPDATE

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## REGULATION UPDATE

### LAUNCH OF ASEAN AND PLUS STANDARDS SCHEME FOR OFFERS OF INVESTMENTS IN ASEAN COUNTRIES

The Monetary Authority of Singapore (the “**MAS**”) has announced the implementation of the ASEAN and Plus Standards Scheme (the “**Scheme**”) for multi-jurisdictional offerings of securities in member countries of the Association of Southeast Asian Nations (“**ASEAN**”). The Scheme will be implemented in Singapore *via* the Securities and Futures (Offers of Investments) (Shares and Debentures) (Amendment) Regulations 2009 (the “**Amendment Regulations**”), which will come into effect on **19 June 2009**.

#### The Scheme

Under the Scheme, issuers of equity or debt securities who wish to make an “ASEAN Offering” (see definition below) will be required to comply with a set of common disclosure requirements drawn up by the ASEAN Capital Markets Forum (the “**ASEAN Standards**”) as well as a set of limited additional requirements (the “**Plus Standards**”) prescribed by the respective jurisdictions. For example, in Singapore, issuers will be required to comply with the ASEAN Standards and Singapore’s Plus Standards.

“**ASEAN Offering**” refers to an offer in at least two ASEAN member countries which have adopted the ASEAN Standards as part of their disclosure requirements for offers of equity or debt securities.

Currently, the other ASEAN countries apart from Singapore which have adopted the ASEAN Standards are Malaysia and Thailand. As the Scheme operates on an opt-in basis, it is envisaged that other ASEAN members will adopt the Scheme as and when they are ready to do so.

#### The ASEAN Standards

The ASEAN Standards, which are divided into the ASEAN Equity Securities Disclosure Standards and the ASEAN Debt Securities Disclosure Standards, are based on the international standards of the International Organisation of Securities Commissions on cross-border securities offerings. They also fully adopt the International Financial Reporting Standards and the International Standards on Auditing.

#### MAIN OFFICE

20 Raffles Place  
#17-00 Ocean Towers  
Singapore 048620

t +65 6535 0733

f +65 6535 4906

mail@drewnapier.com  
www.drewnapier.com

Co. Reg. No. 200102509E

## The Singapore Plus Standards

The Singapore Plus Standards are found in the Amendment Regulations, which introduce the new Seventeenth and Eighteenth Schedules into the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005. The Seventeenth Schedule contains particulars which must be included in a prospectus for an offer of shares which is an ASEAN Offering. The Eighteenth Schedule contains particulars which must be included in a prospectus for an offer of debentures which is an ASEAN Offering.

## Observations

The introduction of Directive 2003/71/EC (or the "Prospectus Directive") by the European Union (the "EU") paved the way for common prospectus standards in the EU capital markets with the aim of making securities markets more accessible to investors and to issuers across the EU. In the light of the EU experience, the ASEAN Finance Ministers issued in April 2005 a unanimous joint Ministerial Statement that *"to promote greater integration of our capital markets, we commit to develop an interlinked ASEAN securities market by 2010. Through harmonizing market standards and practices, and facilitating cross-border market access, we aim to create a large integrated market similar to that of trade in goods that would promote much greater liquidity and wider variety of financial instruments"*.

On 8 October 2008, the MAS announced that the ASEAN Capital Markets Forum had introduced the Scheme. The Scheme is intended to apply to issuers who wish to offer plain equity and debt securities in more than one ASEAN country and is intended to bring *"ease and cost savings to issuers who make offerings in more than one ASEAN country"*. Under the Scheme, *"the offering process is streamlined as issuers will only be required to issue a common set of disclosure documents, together with the appropriate wrap-around for the additional requirements, to investors in each jurisdiction."*

The implementation of the Scheme in Singapore is a welcome step towards common prospectus standards for the whole of ASEAN. However, there is still some way to go before the parties can realize the stated aim of streamlining the offering process. For a start, the Scheme would have to be implemented in all the other ASEAN countries. This is expected to happen in due course. As a practical matter, the relevant securities exchange and the prospectus registration authorities in each ASEAN country may often have other requirements in addition to the Plus Standards which may have to be reflected in the prospectus itself and not merely in the wrap-around. Further, legislation may have to be passed in each ASEAN country to require mutual recognition of ASEAN Scheme prospectuses registered in another ASEAN country.

## References

Please click on the links below to view the relevant documents.

1. [The MAS' press release dated 12 June 2009;](#)
2. [The MAS' press release dated 8 October 2008;](#)
3. [The MAS' FAQ on the ASEAN and Plus Standards Scheme;](#)

4. [The ASEAN's webpage on the ASEAN and Plus Standards Scheme](#) (containing links to the ASEAN Equity Securities Disclosure Standards and the ASEAN Debt Securities Disclosure Standards); and
5. [The Amendment Regulations](#).

If you have any queries on this update, or wish to discuss how it may potentially affect you or your business, please feel free to contact the corporate and finance lawyers in Drew & Napier LLC (please refer to the Directors' Profiles on our [website](#)), or any of the following lawyers:

**Sin Boon Ann**

Director (Corporate &amp; Finance)

T: +65 6531 2206

E: [boonann.sin@drewnapier.com](mailto:boonann.sin@drewnapier.com)**Petrus Huang**

Director (Corporate &amp; Finance)

T: +65 6531 2208

E: [petrus.huang@drewnapier.com](mailto:petrus.huang@drewnapier.com)**Marcus Chow**

Director (Corporate &amp; Finance)

T: + 65 6531 2790

E: [marcus.chow@drewnapier.com](mailto:marcus.chow@drewnapier.com)

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## OUR BUSINESS GROUPS AND PRACTICE AREAS

**BANKING/GENERAL FINANCE**

**David Ang**  
T +65 6531 2236  
F +65 6535 4864  
E david.ang@drewnapier.com

**Valerie Kwok**  
T +65 6531 2222  
F +65 6535 4864  
E valerie.kwok@drewnapier.com

**Sandy Foo**  
T +65 6531 4118  
F +65 6535 4864  
E sandy.foo@drewnapier.com

**BIOMEDICAL SCIENCES**

**Tony Yeo**  
T +65 6531 2512  
F +65 6220 0324  
E tony.yeo@drewnapier.com

**BUILDING & CONSTRUCTION**

**Tan Liam Beng**  
T +65 6531 4139  
F +65 6533 3591  
E liambeng.tan@drewnapier.com

**CAPITAL MARKETS**

**Sin Boon Ann**  
T +65 6531 2206  
F +65 6535 4906  
E boonann.sin@drewnapier.com

**Petrus Huang**  
T +65 6531 2208  
F +65 6535 4906  
E petrus.huang@drewnapier.com

**CHINA BUSINESS GROUP**

**David Chin**  
T +65 6531 2304  
F +65 6535 1952  
E david.chin@drewnapier.com

**COMPETITION LAW**

**Cavinder Bull, SC (contentious)**  
T +65 6531 2416  
F +65 6533 3591  
E cavinder.bull@drewnapier.com

**Lim Chong Kin (non-contentious)**

T +65 6531 4110  
F +65 6535 4864  
E chongkin.lim@drewnapier.com

**CORPORATE**

**David Ang**  
T +65 6531 2236  
F +65 6535 4864  
E david.ang@drewnapier.com

**Gary Pryke**  
T +65 6531 4104  
F +65 6535 4864  
E gary.pryke@drewnapier.com

**OTHER OFFICES****Drewmarks Patents & Designs (Malaysia) Sdn Bhd**

9th floor  
Bangunan Getah Asli (Menara)  
148 Jalan Ampang  
50450 Kuala Lumpur, Malaysia  
T +603 2162 2522/2162 2529  
F +603 2162 2804  
E drewmark@tm.net.my

**CORPORATE (cont'd)**

**Sin Boon Ann**  
T +65 6531 2206  
F +65 6535 4906  
E boonann.sin@drewnapier.com

**Yeo Wee Kiong**  
T +65 6531 2500  
F +65 6535 4864  
E weekiong.yeo@drewnapier.com

**CORPORATE INSOLVENCY & RESTRUCTURING**

**Sushil Nair**  
T +65 6531 2410  
F +65 6533 9029  
E sushil.nair@drewnapier.com

**Manoj Sandrasegara**  
T +65 6531 4156  
F +65 6533 9029  
E manoj.sandra@drewnapier.com

**EMPLOYMENT & IMMIGRATION**

**Indranee Rajah, SC**  
T +65 6531 4100  
F +65 6532 7149  
E indranee.rajah@drewnapier.com

**FAMILY & MATRIMONIAL**

**Randolph Khoo**  
T +65 6531 2418  
F +65 6532 7149  
E randolph.khoo@drewnapier.com

**FUND MANAGEMENT, REIT & PRIVATE EQUITY**

**Petrus Huang**  
T +65 6531 2208  
F +65 6535 4906  
E petrus.huang@drewnapier.com

**INSURANCE & REINSURANCE**

**Gary Pryke**  
T +65 6531 4104  
F +65 6535 4864  
E gary.pryke@drewnapier.com

**INTELLECTUAL PROPERTY**

**Dedar Singh Gill (Trade Marks)**  
T +65 6531 2507  
F +65 6533 0694  
E dedar.singh@drewnapier.com

**Morris John (Patents)**

T +65 6531 2503  
F +65 6533 0694  
E mj@drewnapier.com

**INTERNATIONAL ARBITRATION**

**Davinder Singh, SC**  
T +65 6531 2403  
F +65 6532 7149  
E davinder.singh@drewnapier.com

**Jimmy Yim, SC**  
T +65 6531 2504/2505  
F +65 6533 9029  
E jimmy.yim@drewnapier.com

**LITIGATION**

**Davinder Singh, SC**  
T +65 6531 2403  
F +65 6532 7149  
E davinder.singh@drewnapier.com

**Jimmy Yim, SC**  
T +65 6531 2504/2505  
F +65 6533 9029  
E jimmy.yim@drewnapier.com

**Indranee Rajah, SC**  
T +65 6531 4100  
F +65 6532 7149  
E indranee.rajah@drewnapier.com

**PROJECT FINANCE**  
**Gary Pryke**  
T +65 6531 4104  
F +65 6535 4864  
E gary.pryke@drewnapier.com

**Valerie Kwok**  
T +65 6531 2222  
F +65 6535 4864  
E valerie.kwok@drewnapier.com

**Sandy Foo**  
T +65 6531 4118  
F +65 6535 4864  
E sandy.foo@drewnapier.com

**PROPERTY**  
**Zennifa Rahim**  
T +65 6531 2392  
F +65 6535 1952  
E zennifa.rahim@drewnapier.com

**SHIPPING & INT'L TRADE**  
**Ian Koh**  
T +65 6531 2436  
F +65 6533 3591  
E ian.koh@drewnapier.com

**TAX & PRIVATE CLIENT SERVICES**  
**Ong Sim Ho**  
T +65 6531 2250  
F +65 6535 4864  
E simho.ong@drewnapier.com

**TMT**  
**Lim Chong Kin**  
T +65 6531 4110  
F +65 6535 4864  
E chongkin.lim@drewnapier.com

**TRANSNATIONAL & CROSS-BORDER WORK**  
**Julian Kwek**  
T +65 6531 2485  
F +65 6533 9029  
E julian.kwek@drewnapier.com

**PT Drewmarks Konsultama**

Correspondence address:  
20 Raffles Place  
#17-00 Ocean Towers  
Singapore 048620  
T +65 6531 2503/6531 2504  
F +65 6533 0694  
E ip@drewnapier.com

**DrewCorp Services Pte Ltd**

20 Raffles Place  
#09-01 Ocean Towers  
Singapore 048620  
ROC No. 200102492H  
T +65 6531 2266  
F +65 6533 1542 / 6533 7649  
E services@drewcorpservices.com