

News, wherever you are.
Stay updated with our WhatsApp/ Telegram service. Send JOIN to 93276484 on WhatsApp, or 94806129 on Telegram.

We set you thinking
TODAY
MONDAY 11 FEBRUARY 2019

Cut through the clutter.
Subscribe to our email newsletter for the day's essential news, straight to your inbox.

SGX to propose new listing rules for more regulatory bite

By JANICE LIM



Reuters file photo

The regulatory arm of the Singapore Exchange has been getting more involved in scrutinising the work of auditors and is looking to introduce new listing rules.

Published **27 JANUARY, 2019** UPDATED 27 JANUARY, 2019

39 Shares

SINGAPORE — The Singapore Exchange (SGX) is getting tough on audit committees and external auditors of listed companies.

Speaking to reporters on Friday (Jan 25), Mr Tan Boon Gin, the chief executive officer of its regulatory arm, SGX RegCo, said that it has been "a lot more interventionist" in a bid to increase the thoroughness of not just the year-end audits, but also special audits called to further investigate potential problems of listed companies.

Besides requiring some special auditors to report directly to SGX, the bourse operator is also looking to introduce new listing rules, such as giving it the power to require a company to appoint a second auditor, in addition to its existing one, in "exceptional circumstances".

The changes come after SGX was criticised by market observers for not doing enough to protect people who have invested in Noble Group.

The embattled commodities firm recently completed a US$3.5 billion (S$4.7 billion) debt restructuring exercise, after an accounting scandal sent its shares plummeting, with the company losing 99 per cent of its market value.

ADVERTISEMENT


In a message to auditors, Mr Tan said that they should not "close ranks".

He also said that auditors need to have the "gumption" to flag areas of concern.

"If they do find something (amiss with the company), they can't hide behind the terms of

reference and say, "This wasn't covered under the terms of reference so I didn't look into it".

"And they shouldn't phrase the language of the report in a language that is so vague that, frankly speaking, we as an exchange cannot take action on it," Mr Tan said.

WHAT SGX HAS DONE

Since December last year, SGX has met with the audit committees and external auditors of 15 listed companies and highlighted to them areas of concern based on SGX RegCo's review of the companies.

- Auditors will have to address the matters raised by SGX in the company's annual report
- Audit committees will have to change their terms of reference for the special auditor if found unsatisfactory by SGX
- Some special auditors will have to report directly to SGX
- The special auditor of SBI Offshore was directed in December last year to report exclusively to SGX
- SGX referred two audit partners to the Institute of Singapore Chartered Accountants (Isca) on the basis that they have fallen short of their professional duties

TWO NEW LISTING RULES PROPOSED BY SGX

- Granting the bourse operator power to require some listed companies to appoint a second auditor, in addition to the existing one, in "exceptional circumstances"
- Requiring all listed companies to appoint a Singapore-based auditor

SGX will be conducting a public consultation on these two proposals.

The proposed rules come after two key changes were made in audit reports, so that it will be more transparent for retail investors.

These changes, which took effect in 2017, required auditors to include key matters, such as the estimated valuation of investments, beyond just a "pass/fail" opinion.

Auditors were also told to disclose issues that could affect a company's ability to continue its operations.

WHAT ELSE SGX WANTS TO DO

SGX is aiming to increase valuation standards in Singapore.

It has signed an agreement with the Institute of Valuers and Appraisers of Singapore so that SGX may approach the institute if it needs advice on valuation concerns of listed companies or those applying to get listed.

Mr Lawrence Chai, managing director of 3E Accounting firm, said that the measures taken by SGX would help in increasing the quality of audits. Without SGX's involvement, it is sometimes hard to tell clients that further checks are needed because the clients may think that the auditors just want extra fees, he said.

Mr Joshua Ong, head of audit at accountancy and business advisory firm Baker Tilly, said that the moves by SGX have not resulted in any difference in their daily work assignments so far, since they have always had to keep to professional auditing standards.

With a more pro-active oversight by SGX, he hopes that the management and board members of listed companies will focus on improving their controls and processes, and be more willing to work with their auditors.

ADVERTISEMENT

Subscribe to our email newsletter to receive updates on the latest news.

Enter your email address SUBSCRIBE

By clicking subscribe, I agree for my personal data to be used to send me TodayOnline newsletters, promotional offers and for research and analysis.

Singapore Exchange (SGX:S68)
Stock market insights from social media
Just now Sentifi
20
10
0
7.8
7.6
7.4
7.2
12 Jan
17
22
27
1
6
11 Feb
Terms of use
Mentions
End of day price
TRENDING THEMES
1. Financial Results
2. Accounting Issues
3. Deal
4. Collaboration
See more

More Stories



TODAY file photo

Corporal First Class Liu Kai was killed when a Bionix armoured vehicle reversed and mounted the Land Rover he was in.

NSF Liu Kai's death: Bionix driver continued to reverse despite repeated orders to stop

By **KENNETH CHENG**

SINGAPORE — Despite repeated orders from a vehicle specialist to stop reversing, the driver of a Bionix armoured vehicle did not hear the commands. The vehicle later mounted a Land Rover metres behind it — killing its driver, full-time national serviceman Liu Kai.



Govt will get to bottom of Aloysius Pang's death, make things right: Ng Eng Hen



More emergency-horn buttons on Bionix, skills upgrading for medics among measures after NS deaths



Mindef and SAF 'hold ourselves accountable for every single NS man': Ng Eng Hen



Further refinements to Criminal Procedure Code introduced in Parliament



Jail terms for couple who punched, forced maid to drink dirty mop water



Not feasible to mark GCE-level exam scripts locally: Ong Ye Kung

Just In

Get TODAY's headlines via WhatsApp, Telegram or Email

Sign up for TODAY's newsletter service on any of these platforms. Click on your preferred delivery option:

WhatsApp Telegram Email

ADVERTISEMENT

No more cold food during home parties



San Sheng Co

Singapore

ADVERTISEMENT

Investor watchdog asks Hyflux board to justify remuneration paid to CEO, executives despite losses

Drink from the tap: Students on a mission to cut bottled-water consumption

Running with reusable cups to reduce waste

Investor watchdog asks Hyflux board to justify remuneration paid to CEO, executives despite losses

Drink from the tap: Students on a mission to cut bottled-water consumption

Running with reusable cups to reduce waste

ADVERTISEMENT

MFA renews call for M'sia to withdraw ships from S'pore waters after collision ›

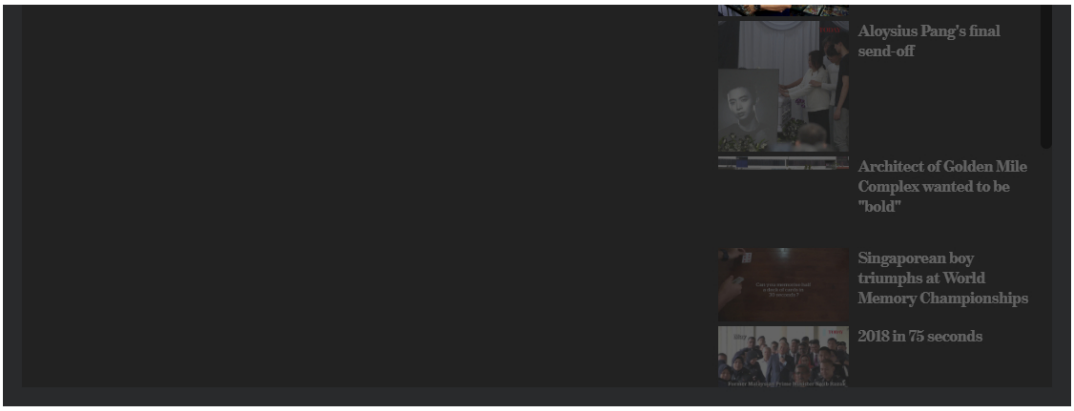
About 3,500 rental tenants have bought their first homes with help of housing grants ›

Singapore's stability a key strength amid changing world, says Chan Chun Sing ›

'Wider, deeper societal forces' behind bilateral, international tensions: Chan Chun Sing ›

ADVERTISEMENT

World



ADVERTISEMENT

World



Tensions rise with Thai election commission to rule on princess running for PM

BANGKOK — Thailand's Election Commission will consider on Monday (Feb 11) the surprise nomination of a Thai princess as a prime ministerial candidate for March elections after her brother, King Maha Vajiralongkorn, called it "inappropriate" and unconstitutional.

Vios driver in Penang

Indonesia police apologise

A princess vanishes. A

Recommmended for you



Auditor-General confirms Najib ordered audit report on 1MDB altered

Malaysia probing audit firms KPMG and Deloitte in 1MDB scandal

Former Tesco directors cleared of fraud over 2014 accounting scandal



accounts clerk who swindled companies of S$46 million

Bridge crash pleads not guilty

for using snake in Papua interrogation

video offers alarming clues.

Chinese girl has close encounter with giant pandas after falling into their enclosure ›

Mahathir's view of Beijing stuck in time warp, say observers ›

I only write facts, Najib says of social media attacks against Putrajaya ›

Post-mortem may hold vital information on murdered 11-year-old girl in Malaysia ›



Allen Chen confirms relationship with fellow model - Toggle (Toggle)

BTS make history as the first K-Pop Grammy presenters (CNA Lifestyle)

Yang Mi's Company Reportedly Drops $200Mil In Value 'Cos Of Her Divorce From Hawick Lau (8days)

Big Read



The Big Read: Battered in the Middle East, ISIS eyes South-east Asia as next terrorism hotspot

By **FARIS MOKHTAR**

SINGAPORE — The terrorist group Islamic State of Iraq and Syria (ISIS) is today a shadow of its once-formidable self in the Middle East, with its army in tatters and its territories reduced to a sliver of turf.

More Big Reads ›

Loading •••

Ascension of new king a timely reminder of Malaysia's history and culture ›

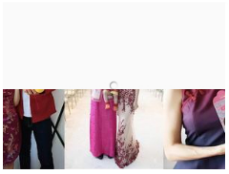
You've no mail: Time for SingPost to relook service standards, workers' welfare ›

From 8 DAYS

How Much Ang Pow Money Did Our Stars Get This #CNY2019?

Who received more than a month's salary in ang pow money?

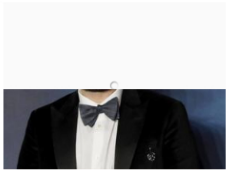
ADVERTISEMENT



These Celebs Wore Cheongsams And Nailed Chinese New Year Style



Authentic Bedok-Style Soupy Bak Chor Mee By Ex-IT Manager Turned



'The Walking Dead' New Cast Member Dan Fogler On How Fighting Zombies

Chinese New Year Style

EATT Manager-Turned-Hawker In The CBD

Oh How Fighting Zombies Kept Him Fit

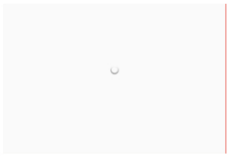
How Our Stars Spent Chinese New Year in 2019 ›

The Jason Hahn Files: Let's Talk About Public Toilets ›

Unusual Valentine's Day Date Ideas That Will Impress Bae ›

Star Awards 2019 Nominations: Zoe & Fann To Battle It Out For Best Actress ›

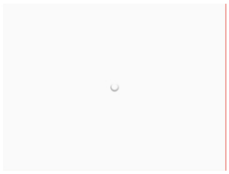
Fighting a war without firing a shot



Tighten, lift and brighten your skin – all at once

Paradise Dynasty now at Wisma Atria

Bioskin wins Top Facial and Body Centre award



Can't stop coughing? Try TCM

10 incredible things to do in Lombok