

## SGX RegCo Enhances Rules on Auditors, Valuers and Valuation Reports

On 12 January 2021, Singapore Exchange Regulation (“**SGX RegCo**”) announced changes to rules on auditors and valuers of listed corporations and standards governing valuation reports.

The changes followed a public consultation in early 2020. SGX RegCo’s press release, consultation paper and consultation responses, including changes to the SGX Listing Rules (Mainboard) and SGX Listing Rules (Catalist) (collectively, “**Listing Rules**”) can be found [here](#). The changes to the Listing Rules take effect on **12 February 2021**.

The main changes to the Listing Rules are as follows:

### Changes Concerning Auditors

Primary-listed issuers must appoint an auditor registered with the Accounting and Corporate Regulatory Authority (“**ACRA**”) to conduct their statutory audits, and these audits will thereby effectively be subject to ACRA’s regulatory oversight.

The rules applicable to secondary-listed issuers are as follows:

- (a) Secondary-listed issuers from developed markets may continue to use auditors from their own jurisdictions.
- (b) For other secondary-listed issuers, SGX RegCo will assess whether appointment of an auditor registered with ACRA is required, on a case-by-case basis.

Existing issuers must appoint an auditor in accordance with the revised Listing Rules, for their financial year beginning on or after **1 January 2022**.

### Appointment of Additional Auditor

SGX RegCo’s administrative powers will be expanded to include the requirement of the appointment of a second auditor. SGX RegCo has indicated that it will exercise such powers only in exceptional circumstances (e.g., where it believes that possible misstatements in the financial statements are pervasive and yet not evidenced by the incumbent auditor’s opinion, and such concerns cannot be addressed by a special auditor).

SGX RegCo will consider the appropriate tools to deal with the specific circumstances, such as the issuance of public queries and Notices of Compliance to address concerns raised about the financials of the company concerned. SGX RegCo may direct the appointment of a second auditor if the market still has not obtained sufficient assurance on the areas of concern after the use of these tools.

### Changes concerning property valuers

SGX RegCo will require property valuers to have at least five years of relevant practical experience in valuing properties in a similar industry and area as the property to be valued.

The valuer should be independent of the issuer, and cannot be a sole practitioner or have an adverse compliance track record.

For Singapore properties, the valuer must be a member of the Singapore Institute of Surveyors and Valuers (“SISV”).

For overseas properties, the valuer must be a member of, or authorised by, a relevant professional body or authority.

### Property valuation standards

Singapore property valuations should be prepared in accordance with SISV Standards.

Overseas property valuations should be prepared in accordance with domestic standards or the International Valuation Standards.

Summary property valuation reports will be required for significant transactions, such as initial public offerings for property investment firms or developers, business trusts or real estate investment trusts (REITs), or in interested person transactions involving the purchase or sale of property. SGX RegCo will prescribe the minimum content to be disclosed in such summary property valuation reports.

### Standards of interim financials

SGX RegCo has also clarified that all issuers must prepare their interim financial statements in accordance with the relevant accounting standards. The Listing Rules amendments on accounting standards for interim financial statements will take effect for issuers’ financial statements for their interim financial periods ending on or after **30 June 2021**.

The Institute of Singapore Chartered Accountants (ISCA) will be releasing guidance to help issuers to prepare their interim financial statements in accordance with the relevant accounting standards and the Listing Rules.

If you would like information or assistance on the above or any other area of law, you may wish to contact the Partner at WongPartnership whom you normally work with or any of the following Partners:



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