Norges Bank Investment Management

The Secretary
Securities Industry Council
10 Shenton Way #23-00
MAS Building
Singapore 079117

Date: 05.06.25

Consultation on Singapore Code on Take-overs and Mergers

We refer to the invitation from the Securities Industry Council (SIC) to comment on the consultation paper on proposed changes to the Singapore Code on Take-overs and Mergers (the Code). We appreciate the opportunity to provide feedback as SIC updates the Code to align with global best practices.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with SGD2,378 billion invested in over 65 countries as of 31 December 2024, of which SGD8.7 billion was invested in the shares of 66 Singapore listed companies.

As an investor with approximately 70 percent of our holdings in listed equity, NBIM depends on thriving public markets that foster economic value creation. Effective takeover codes ensure fair treatment of all shareholders (especially minority shareholders like us), facilitate prompt information flows, prevent market disruption, and restrict harmful defensive actions by target companies. These elements support a vibrant market for corporate control that serves as an external governance mechanism enhancing corporate governance practices. We believe that board effectiveness and strong minority shareholder protections impact our long-term returns. Therefore, we welcome these amendments to the Code which strengthen these important safeguards and contribute to well-functioning capital markets that benefit all participants.

Please find in the annex our comments on the 17 proposals. We thank you for considering our perspective and remain at your disposal should you wish to discuss these matters further.

Yours sincerely

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Annex – NBIM responses to SIC proposals

Consultation 1: SIC seeks comments on the proposal to remove the reference to (i) banks; and (ii) directors of associated companies of the Offer Group and of companies whose associated companies include any of the Offer Group.

NBIM response

NBIM supports narrowing the "associate" definition by removing references to banks and directors of associated companies. However, definition 2(C) of the Code should be revised to state “For clarity, if a bank participates as a financial adviser, owns or deals in shares of the offeror or offeree company or provides financing for the transaction, it will continue to be an associate”. The current definition creates unnecessarily broad disclosure obligations. This refinement properly focuses on parties with substantial influence while reducing administrative burdens for peripheral participants.

Consultation 2: SIC seeks comments on the proposal to raise the threshold for control from 20% to 30%.

NBIM response

We support increasing the control threshold to 30%. This adjustment aligns with the Code’s definition of effective control and better reflects the ownership level at which meaningful influence typically occurs in modern corporate structures. The change also brings alignment with international standards, creating greater consistency for global investors.

Consultation 3: SIC invites comments on the proposal to include the following in the definition of close relatives: (i) grandparents and grandchildren; (ii) de facto spouse, cohabitant and civil partner; (iii) spouses of siblings, children, siblings of parents, and grandchildren; and in-laws.

NBIM response

We welcome the modernized "close relatives" definition that better captures contemporary family structures. The inclusion of civil partnerships, de facto relationships, and extended family connections appropriately recognizes modern familial influences and potential concert party relationships.

For greater consistency and comprehensive coverage, we recommend that item (iii) be amended to specifically reference 'de facto spouses, cohabitants and civil partners' to align with the terminology in item (ii). Additionally, item (iii) should be expanded to include parents and grandparents to account for their subsequent marriages and partnerships. These enhancements would strengthen alignment with the UK Takeover Code while ensuring the Singapore Code adequately addresses all relevant familial relationships that could influence takeover actions.

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Consultation 4: SIC seeks views on the proposed codification of its practice of imposing a 28-day PUSU deadline.

NBIM response

We support the formalization of the 28-day 'put up or shut up' (PUSU) deadline as a codification of sound market practice. This provision strikes an effective balance by protecting target companies from disruptive uncertainty that could harm shareholder value, while giving potential bidders a clear, reasonable timeframe to finalize their intentions.

While we support the Council's discretion to impose earlier or later deadlines where appropriate, we recommend that the Code explicitly address extension mechanisms. SIC can consider aligning with the UK Takeover Code Rule 2.6© and clarify that boards of offeree companies can request an extension of the PUSU deadline and provide guidance on the factors to be considered in granting such extensions to enhance market certainty while maintaining necessary flexibility in complex transactions.

Consultation 5: SIC seeks comments on the approach that where an indicative offer price is disclosed by a potential offeror, (i) such price will be treated as a price floor for any offer that is subsequently announced by the potential offeror; and (ii) the potential offeror is subject to a 28-day PUSU deadline.

NBIM response

We support the proposed price floor approach as it prevents tactical price signaling that could disrupt markets and protects shareholders from misleading communications that might improperly influence trading decisions. The 28-day PUSU deadline appropriately prevents prolonged market uncertainty while giving potential offerors sufficient motivation to conduct expeditious due diligence and secure necessary financing.

We recommend that the Code explicitly address competitive bid scenarios by including a provision that automatically aligns PUSU deadlines when multiple bidders emerge. Specifically, if a counter-bidder emerges with its own PUSU deadline, the original bidder's PUSU deadline should be extended to match the counter-bidder's deadline. This alignment allows the target board to evaluate competing offers simultaneously, creating a more orderly process that maximizes shareholder value by properly weighing both price and deal certainty.

Consultation 6: In the case where shareholder approval is sought in general meeting for a proposed frustrating action, SIC invites views on the proposal to require the offeree company board to:
(i)obtain competent independent advice as to whether the financial terms of the proposed action are fair and reasonable;
(ii)consult the Council regarding the date on which the general meeting is to be held; and
(iii)publish a circular to shareholders with the specified information.

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NBIM response

We support the proposed requirements for offeree companies seeking shareholder approval for frustrating actions. The requirements for comprehensive information including director reasoning disclosure and for competent independent advice are essential for informed shareholder decisions.

We recommend that the new Note 9 on Rule 5 explicitly requires disclosure of the substance of the independent advice given to the board, as well as a valuation from the bidder. For true independence, we suggest the advisor should be selected by an independent board committee and have no ongoing business relationship with the offeree company or any of its board members, regardless of recusal from appointment decisions.

Consultation 7: SIC seeks comments on the proposal to clarify that (i) where a proposed frustrating action is conditional on the offer being withdrawn or lapsing, a waiver is normally granted; and (ii) such a waiver would be conditional upon the disclosure of certain details on the frustrating action. In addition, where the Council deems necessary, a document setting out such details should be sent to offeree company shareholders.

NBIM response

We support the requirement for the offeree company to publish an announcement containing details of the proposed frustrating action. We recommend that SIC mandates a press release as publication on the website of the offeree company will not ensure prompt and wide dissemination of information. This is aligned with the UK Takeover Code which requires announcements to be published by a Regulatory Information Service.

In cases where a conditional action effectively represents an alternative to the offer, we agree the SIC should retain flexibility to require more detailed disclosure through a formal shareholder document where necessary. Similar to Consultation 6, we recommend that Note 9 on Rule 5 explicitly includes disclosure of the substance of the advice given to the offeree company board.

Consultation 8: SIC seeks views on the proposal to clarify that:
(i)Rule 9.1 applies also to opinions on companies involved in an offer;
(ii)any reference to a briefing under Note 2 on Rule 9.1 applies to all briefings or meetings whether they are held in person or by telephone or other electronic means; and
(iii)Rule 9.1 applies equally to an asset offer in competition with an offer for voting rights.

NBIM response

We support expanding Rule 9.1 to cover opinions about companies in an offer, recognizing that opinions can influence shareholder decisions as much as factual information.

The clarification on electronic meetings recognizes virtual engagement as standard business practice while ensuring information parity principles apply across all meeting formats.

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We welcome the extension of Rule 9.1 to asset offers competing with traditional share offers. This recognizes economic substance over form, ensuring that shareholders receive equal information regardless of transaction structure and prevents information advantages in competitive situations.

Consultation 9: SIC invites comments on the proposal to: (i)allow a bona fide offeror or potential offeror to request for all the information provided to another offeror or potential offeror; (ii) require the offeree board to provide promptly to the requesting offeror such information provided to the first offeror at the time of request, and any further information provided in the seven days following the request; (iii)extend the rule to information disclosed other than in writing such as site visits and management meetings, and require an equivalent site visit or management meeting to be provided to the subsequent requesting offeror; (iv)allow the offeree company to set up a common data room of which access is granted to all offerors; and (v)specify conditions that may be attached to the passing of information.

NBIM response

The streamlined 7-day information request system for competing bidders enhances market efficiency while maintaining fairness. We value the clarifications regarding equivalent access to management and site visits and the potential for a common data room. These ensure that all bona fide or potential offerors have access to critical information sources that can significantly influence valuation assessments.

Consultation 10: SIC seeks views on the proposal to impose a general prohibition on offer-related arrangements other than in certain limited cases.

NBIM response

We support the proposed general prohibition on offer-related arrangements that can inhibit competition for corporate control and have detrimental effects on offeree company shareholders by deterring competing offerors or leading to less favourable terms.

We welcome the extension of break fee arrangements to asset sales that occur in competition with an offer, as asset sales can be legitimate alternatives to takeover offers.
The targeted exceptions outlined in the draft strike a reasonable balance between maintaining flexibility in specific circumstances while ensuring shareholders are able to consider all potential offers. The de minimis threshold of 1% for break fees seems appropriate and proportionate.

Consultation 11: SIC seeks views on the proposal that offer-related fees incurred by the offeree company should be required to be disclosed to the offeror.

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NBIM response

We support the proposed rule requiring offeree companies to disclose estimates of aggregate fees and expenses to all offerors. This promotes transparency about transaction costs to be incurred by the offeree company that could influence bidding strategies and valuations. The tiered disclosure approach with a 10% materiality threshold for updated estimates and actual fees in excess of estimates balances meaningful reporting with practical implementation. The guidance on variable fee arrangements provides helpful clarity. This rule can help discourage excessive defence costs that could deplete shareholder value while creating a more level playing field for all bidders.

Consultation 12: SIC seeks comments on the proposed codification of its practice of treating an asset valuation as not current if it is more than 3 months old.

NBIM response

The three-month validity period for asset valuations establishes an appropriate freshness standard for information critical to shareholder decision-making. This timeline represents a pragmatic balance between the costs of frequent valuations and the importance of current information, particularly for asset-intensive businesses.

Consultation 13: SIC seeks comments on the proposal to impose the following restrictions on a returning offeror who had earlier made a no increase statement or no extension statement and wishes to make a subsequent improved offer within the 12-month period with the recommendation of the offeree board: (i)3-month delay from the lapse or withdrawal of the previous offer; or (ii) until the end of the offer period, whichever is later.

NBIM response

We support temporary restrictions on returning offerors who previously made no increase or no extension statements. The 3-month cooling-off period maintains market discipline and preserves the credibility of such statements. The provision protects shareholders who made decisions based on these statements by preventing tactical withdrawals designed to circumvent bidder commitments, while still allowing for genuine reconsideration after appropriate intervals. It also ensures competing offerors can complete their offers without interference from returning bidders who previously exited the process.

Consultation 14: SIC invites views on the proposal to prevent an offeror from circumventing the restrictions in Rule 33.1 by purchasing material assets of an offeree company

NBIM response

Extending restrictions to material asset purchases promotes regulatory consistency across economically similar transactions. Without this provision, the policy objectives behind offer restrictions could be undermined through alternative transaction structures.

We recommend that material asset sales exceeding a defined threshold should require approval through a supermajority, non-conflicted shareholder vote. This would prevent management from agreeing to substantial asset sales instead of full takeovers that may be detrimental to shareholder returns. The

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offeree's total assets should be valued through a competent independent advisory process similar to that proposed in Consultation 6. This will enable shareholders to assess if fair and reasonable terms are offered for the assets under consideration and whether the materiality threshold has been crossed.

Consultation 15: SIC seeks comments on its proposal to: (i)require a statement by the offeree company quantifying the cash sum expected to be paid to shareholders from the sale of all or materially all of the offeree company's assets in competition with an offer, which will be treated as a profit forecast; and (ii)restrict the asset purchaser from acquiring shares in the offeree company during the offer period at above the amount per share quantified.

NBIM response

We support this proposal. When asset sales compete with share offers, shareholders need comparable information to evaluate alternatives. The proposed framework for quantifying expected shareholder returns creates analytical parity between transaction types, enhancing informed decision-making.

We support the restriction on the asset purchaser from acquiring shares at a price above the quantified amount per share or the bottom of the range if one is used. This prevents selective premium payments to certain shareholders at the expense of others and maintains equal treatment principles. It also ensures that the asset purchaser is treated consistently with all other bidders subject to Rule 21.1.

We recommend that the company discloses the tax impact of asset sale and subsequent cash proceeds across different shareholder types and jurisdictions, as after-tax returns may vary significantly between transaction structures.

Consultation 16: SIC seeks views to require (i) the scheme meeting to be held within 6 months of the announcement of the scheme, and (ii) an offeror to take procedural steps necessary for a scheme to become effective.

NBIM response

The six-month time limit for scheme meetings prevents excessive delays that create prolonged uncertainty for shareholders and the market. This timeline remains flexible through the Council's ability to grant extensions when justified. The requirement for offerors to take procedural steps is important as it closes a loophole where offerors could technically frustrate schemes by withholding procedural steps where they cannot invoke material conditions.

Consultation 17: SIC seeks comments on its proposal to regulate the use of videos and social media in disseminating information in relation to an offer.

NBIM response

The proposed framework for videos and social media acknowledges evolving communication practices while maintaining core principles of information equality. These guidelines provide welcome clarity for companies navigating multimedia communications during sensitive offer periods. We would recommend that transcripts in English for any videos, webcasts, podcasts and social media posts are included in filings. We would also recommend that SIC clarifies whether the restrictions in Rule 9.1 apply to the use of instant messaging and VoIP services to publish information relating to an offer.

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