

MERGERS & ACQUISITIONS

SIC Implements Changes to Singapore Code on Take-Overs and Mergers on 16 July 2026 to Enhance Shareholder Protections

Executive Summary

On 16 June 2026, the Monetary Authority of Singapore, on the advice of the Securities Industry Council ("**SIC**"), issued a revised Code on Take-overs and Mergers ("**Code**"). The amendments to the Code, which will take effect from **16 July 2026**, aim to protect the competitive process of take-over and merger transactions, improve the certainty and timeliness of schemes of arrangement ("**Schemes**"), and enhance disclosures to investors and shareholders.

The amendments follow from SIC's consultation exercise from 5 May 2025 to 5 June 2025 on the proposed changes set out in the "*Consultation Paper on Revision of the Singapore Code on Take-overs and Mergers*" ("**Consultation Paper**"). A total of 24 respondents provided feedback on the proposals, which were generally supported. For more information on the Consultation Paper, please refer to our May 2025 Legal Update titled "[SIC Consults on Changes to Singapore Code on Take-Overs and Mergers to Enhance Shareholders' Protection](#)".

This Update summarises the key changes to the Code, which relate to: (i) deal protection measures; (ii) Schemes; (iii) offeror statements; (iv) frustrating actions and asset sales; (v) disclosures and information provided; and (vi) other matters.

Deal Protection Measures

Deal protection measures, such as break fees and exclusivity arrangements, are commonly utilised in Singapore to encourage an initial offer or a competing offer. However, the excessive usage of such measures could deter competition from other potential offerors, which would ultimately disadvantage the shareholders of the offeree.

In the Consultation Paper, SIC had proposed to impose a general prohibition against deal protection measures and other offer-related arrangements, except in limited circumstances. Following feedback from respondents to the Consultation Paper, SIC has decided **not** to proceed with that general prohibition. SIC accepted feedback that the anti-competitive effects of deal protection practices in the Singapore market are currently limited and agreed that the board of directors of the offeree ("**Offeree Board**") should continue to have the freedom to assess if the grant of deal protection measures or other offer-related arrangements is in the best interests of the shareholders.

Therefore, instead of a blanket prohibition as originally proposed in the Consultation Paper, SIC has introduced more targeted amendments and guidance to reduce the anti-competitive effects of some deal protection measures and other offer-related arrangements. The key finalised changes are summarised below.

1. **Aggregate values of all break fees must not exceed 1%:** A break fee is a cash sum payable by the offeree to an offeror if certain specified events occur which have the effect of preventing the offer from proceeding or causing it to fail. The existing Rule 13 of the Code on break fees will be retained, but with effect from 16 July 2026, where the offeree agrees to more than one break fee, the aggregate value of all break fees payable by the offeree must not exceed 1% of the value of the offeree. The 1% value is calculated by reference to the price of the first competing offer at the time of the announcement of a firm intention to make an offer. Further, the Offeree Board and its financial adviser must explain in the submission to SIC why the break fee is in the best interests of the offeree's shareholders.
2. **Asset sales in competition with an offer:** Where in competition with an offer or a possible offer, the Offeree Board announces that it has agreed terms on which it intends to sell all or materially all of the company's assets and/or businesses, SIC will normally consent to the offeree entering into a break fee arrangement with the asset purchaser at the time of the announcement, provided that the conditions in Note 5 on Rule 13 of the Code are satisfied.
3. **Implementation agreement:** SIC recognises that implementation agreements may be entered into between an offeror and the offeree relating to the conduct, implementation and/or terms of an offer or Scheme. SIC has stipulated that the Offeree Board should carefully consider whether the commitments given to an offeror in such agreements would deter other potential competing offerors from making an approach or offer and has provided the following guidance:
 - **"Fiduciary-out" condition:** Exclusivity arrangements which limit the ability of the Offeree Board to engage with competing offerors or potential competing offerors must contain a condition that the offeree's directors are relieved of such obligations if it is necessary to discharge their fiduciary duties.
 - **Notification obligation on competing offer:** Notification obligations which require the offeree to disclose to the original offeror only the fact of an approach by any potential competing offeror would have limited anti-competitive effect, as compared to obligations to disclose detailed information on the competing offer.
 - **Matching right:** A matching right which allows the offeror to match or better a competing offer cannot be for a duration that removes any practical likelihood of a potential competing offer. A matching period of more than seven calendar days would normally be regarded as anti-competitive.
 - **Acceptable provisions:** SIC clarifies that customary provisions pertaining to the following matters are generally permitted: (i) representations and warranties in relation to information provided by the offeree to the offeror; (ii) obligations of the offeree to carry out certain procedural actions to progress an offer via a Scheme; and (iii) the non-occurrence of specific events or actions which do not deter competition.
 - **Contractual obligation to comply with SIC directions:** SIC requires the parties to an implementation agreement to provide that if SIC determines that any provision of the agreement contravenes Rule 13 of the Code, that provision shall have no legal effect and shall be disregarded.

Schemes of Arrangement – Improving Certainty and Timelines

The amendments provide that, where an offer is implemented pursuant to a Scheme, except with SIC's consent: (i) the meeting to approve the Scheme must be held within six months of the announcement of the Scheme; and (ii) prior to the court sanction hearing, both the offeror and the offeree must confirm to SIC that all conditions to the offer have been satisfied or waived (other than conditions which are capable of being satisfied only upon or following the Scheme being sanctioned), and must undertake to be bound by the terms of the Scheme upon its sanction by the court. An exception to (ii) applies where a material official authorisation or regulatory clearance remains outstanding and either the required action is unclear or taking it would give rise to circumstances of material significance to the offer. However, if such a condition remains outstanding on the long-stop date, the parties will normally be required to extend the long-stop date pending final determination.

This will serve to avoid prolonged offer periods and to prevent the situation where an offeror might seek to rely upon a long-stop date to lapse its offer where only an immaterial condition is outstanding or by refusing to take the required steps. Pursuant to feedback received, the requirement to undertake the necessary procedural steps has been extended to the offeree (not just the offeror).

Offeror Statements

Intentions to be Clarified by Put Up or Shut Up Deadline

Currently, when a potential offeror makes a holding announcement, it is required to provide monthly updates on whether: (i) it is ready to make a firm intention to make an offer; or (ii) it decides not to proceed with the offer. If the offeror has not clarified its intentions for a prolonged period, SIC's practice is to impose a put up or shut up ("**PUSU**") deadline for the offeror to clarify its intentions.

SIC will codify the PUSU deadline approach with more certainty on its timeline. Following consultation with the potential offeror and the offeree, SIC may direct the potential offeror to: (i) announce a firm intention to make an offer; or (ii) make a no intention to bid statement, by the 28th day from the date of SIC's direction. SIC reserves the right to impose an earlier or later deadline where appropriate.

Announced Offer Price to be the Same or Better than Indicative Offer Price

SIC generally does not allow the disclosure of an indicative offer price before an announcement of a firm intention to make an offer has been made, save in exceptional circumstances. Exceptions have been made, for example, where an offeror or offeree is required by a foreign regulator to disclose an offer price prior to the announcement of a firm intention to make an offer.

In this regard, SIC will proceed to codify the following requirements, taking a similar approach as Hong Kong and the United Kingdom:

1. the subsequent offer made by the potential offeror must be on the same or better terms than the indicative offer price; and
2. the potential offeror is subject to a 28-day PUSU deadline from the date of the disclosure of the indicative price.

Subsequent Offer to be Delayed Following "No Increase" or "No Extension" Statements

Currently, for a subsequent offer made by an offeror whose previous offer has been withdrawn or lapsed, SIC would normally exempt the offeror from the 12-month "*sit-out period*" (i.e. the period that must lapse from the previous offer, before the subsequent offer can be made), if the subsequent offer was recommended by the Offeree Board.

The Code will be revised to provide that such exemption would not apply, even with the recommendation of the Offeree Board, where the offeror: (i) had previously made a "*no increase*" or "*no extension*" statement; and (ii) wishes to make a subsequent improved offer within the 12-month "*sit-out period*". In such circumstances, SIC would require the offeror to delay making the subsequent offer that would effectively increase or extend the offer, until the later of:

1. three months from the date on which the previous offer was withdrawn or lapsed; or
2. the end of the offer period of any competing offer existing at the time that the previous offer was withdrawn or lapsed.

This serves to recognise that: (i) the shareholders and investors of the offeree would have relied on the offeror's "*no increase*" or "*no extension*" statement to make their investment decisions at the time of the previous offer; and (ii) where a competing offer existed at the time that the previous offer had been withdrawn or lapsed, the competing offeror should be allowed to complete its offer undisturbed, before the offeror can make a subsequent offer.

Frustrating Actions

Rule 5 of the Code prohibits the taking of actions without the approval of the shareholders at a general meeting that could effectively result in any *bona fide* offer being frustrated. The amendments provide that an offeree seeking shareholder approval on a proposed frustrating action must:

1. obtain competent independent advice as to whether the financial terms of the proposed frustrating action are fair and reasonable, and disclose the substance of such advice to the shareholders;
2. consult SIC regarding the date on which the general meeting is to be held; and
3. send a circular to shareholders containing specified information as soon as practicable after the announcement of the proposed action.

Where a proposed frustrating action is conditional on the offer being withdrawn or lapsing, the requirement for shareholders' approval would normally be waived by SIC, provided that information on the proposed action is disclosed to shareholders in an announcement or, where SIC deems necessary, a document sent to shareholders.

Asset Sales

The amendments also provide that where an offeree announces: (i) a sale of all or materially all of those assets and/or businesses in competition with an offer or a possible offer for shares; and (ii) that it intends to return to the shareholders the company's cash balances (including proceeds from the asset sales), the offeree must disclose a statement quantifying the cash sum expected to be paid to

the shareholders from such sales (either as a specific amount or as a range), which is to be treated as a profit forecast subject to reporting requirements under the Code.

SIC will normally regard an acquisition as involving "*materially all*" of an offeree's assets where those assets account for more than 30% of the offeree's sales, earnings, assets or market capitalisation.

In addition, the purchaser (or potential purchaser) of all or materially all of those assets and/or businesses must not acquire shares in the offeree during the offer period unless the Offeree Board has disclosed the amount per share expected to be paid to shareholders, and then only at a price not exceeding that amount (or, if a range is stated, the bottom of that range).

Enhancing Disclosure and Equality of Information

Equality of Information to Offerors

Rule 9.2 of the Code currently requires an offeree to ensure that information given to one offeror or potential offeror is, on request, furnished equally and promptly to any other *bona fide* offeror or potential offeror ("**subsequent offeror**"). The subsequent offeror will be required to specify the questions to which it requires answers.

SIC has revised Rule 9.2 so that a subsequent offeror can now request all information given to another offeror, rather than having to ask specific questions. The offeree must promptly provide the information given to the first offeror at the time of request, and any further information provided in the following seven days. The revised rule also covers site visits and management meetings. Information sharing under Rule 9.2 may be subject only to the limited conditions in Note 5 on Rule 9.2. A new Note 6 on Rule 9.2 clarifies that these requirements do not apply to companies running a sale process, although the offeree should still have regard to providing information in a way that facilitates a competitive bidding environment.

Disclosure of Aggregate Offer-Related Fees to Offerors

Fees payable to advisers appointed by an offeree in connection with an offer could significantly diminish the value of the offeree if they are substantial. A new Rule 8.8 will require the offeree to disclose to all offerors (including potential offerors) an estimate of aggregate offer-related fees and expenses (either as a specific amount or as a range) at the time of publication of the Offeree Board circular. Where the aggregate fees and expenses are likely to exceed the estimated maximum previously disclosed by 10% or more, revised estimates must be promptly disclosed to all offerors (including potential offerors). Further, where the final fees and expenses actually paid do exceed the estimated maximum previously disclosed by 10% or more, the final amount paid must be disclosed. SIC declined to introduce a materiality threshold for the initial disclosure obligation, noting that the offeree would in any case need to collate the fees to determine whether any threshold had been crossed.

Other Changes

Other changes to the Code include, among other things:

1. refining the definitions of "*associate*", "*close relatives*" and "*control*", including raising the control threshold from 20% to 30%, and expanding the "*close relatives*" definition to cover grandparents,

grandchildren, *de facto* spouses, cohabitants, civil partners, spouses of certain family members, and in-laws;

2. codifying SIC's practice of treating an asset valuation as not current if it is more than three months old;
3. preventing an offeror from circumventing the restrictions around subsequent offers by purchasing the material assets of an offeree; and
4. regulating the use of videos and social media in disseminating information or opinions in relation to an offer.

Key Insights

The changes to the Code taking effect on 16 July 2026 represent a significant update to Singapore's public mergers and acquisitions ("**M&A**") framework and will enhance shareholder protections. While certain amendments codify existing SIC practices, others introduce new requirements designed to address the anti-competitive effects of deal protection measures commonly used in M&A transactions in Singapore. In particular, although SIC has not proceeded with a general prohibition on deal protection measures, the revised Code introduces targeted safeguards on break fees, exclusivity arrangements and matching rights, while strengthening the rules on Schemes, offeror statements, information sharing, frustrating actions and asset sales.

For companies contemplating or currently engaged in a transaction subject to the Code, the practical impact includes:

1. having to carefully assess deal protection terms and other offer-related arrangements (particularly break fees and matching rights) against the new guidance at the outset of any transaction;
2. managing Scheme timetables (with the assistance of advisers, including court lawyers) to meet the six-month court meeting deadline and the procedural confirmation requirements;
3. information-sharing processes in competitive situations will need to be managed to comply with the revised Rule 9.2; and
4. an Offeree Board contemplating frustrating actions or asset sales in competition with offers will face enhanced disclosure and procedural obligations.

Offerors, offerees and their respective advisers should factor the new requirements into live and contemplated transactions ahead of the 16 July 2026 effective date and consult SIC where there is doubt on the application of the revised rules.

If you have any queries on the above, please reach out to our team set out on this page.

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