

Principles and Practice of Securities Regulation in Singapore BY HANS TJIO
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As Professor Walter Woon writes in the Foreword to this book (p. v), Hans Tjio has
“done an immense service to the profession by producing this eminently readable and

erudite work". The contribution that this book makes is not limited to the local legal literary landscape, being the first of its kind. In an area where the legal framework for securities regulation is still evolving and new laws are being enacted, this book also serves as a guiding lamp for market players and laymen to find their way through the convoluted regulatory maze. Contrary to popular perception that academic books and books for practitioners belong to two separate genres, Professor Tjio has proven that it is possible to pen a professional book that has, at the same time, breadth and depth in its treatment of the relevant legal principles and case law.

This book is divided into eight chapters. Chapter 1 sets out the political economy and the historical background of the securities markets. It is interesting to see where our stock market stands as compared to other equity capital markets, such as those in the United States and Australia, in terms of the regulatory attitudes. As the author notes in his book (p. 188) it is "not always a case of Singapore playing catch up with other developed financial centres", Singapore regulators have on many instances in the past been very proactive in their approaches, sometimes even ahead of their counterparts in many countries. Some of the examples cited by the author include the controls enacted to prevent abuses by analysts when making recommendations on stocks in the primary market [1.05], shortselling [1.06] and fair disclosure [5.09]. The reason may be that despite the short history of our securities markets, we have had our own fair share of financial debacles from Pan El [1.10] and Slater Walker [1.09] in the past to the more recent ones involving Mid-Continent and UOB Asia [5.07] in the last forty years. All these have prompted reforms and the tightening of our securities regulatory framework at different points in time.

Chapter 2 introduces the various regulatory bodies concerning the securities market in Singapore whilst Chapter 3 gives a broad picture of the scope of the *Securities and Futures Act* (Cap 289, 2002 Rev. Ed. Sing.) (SFA) and related regulations. Chapters 4 to 6 then look at the regulatory framework in greater detail. Personally, I am very impressed with the comprehensiveness of the latter chapters. The SFA, enacted in 2001, is a mammoth attempt ("a massive piece of work" (p. 82)) to provide an all-embracing securities regulatory framework within a single Act. It consolidates the previous *Securities Industry Act* (Cap 289, 1985 Rev. Ed. Sing.), the *Futures Trading Act* (Cap 116, 1996 Rev. Ed. Sing.) (both which were repealed on 1st October 2002) and certain provisions in the *Exchanges (Demutualisation and Mergers) Act* (Cap 99B, 2000 Rev. Ed. Sing.) and *Companies Act* (Cap 50, 1994 Rev. Ed. Sing.), and at the same time introduces new provisions for, *inter alia*, the regulation of activities and institutions in the securities and futures industry [3.03]. In addition, the securities market is not governed by primary legislation alone. Listing rules, the relevant MAS' Guidelines, the Securities Industry Council rulings and the court judgments all have an impact on the market players. It is therefore very difficult for a person to get a full picture of the workings of the financial market without having to consult many different documents and materials. Chapters 3, 4, 5 and 6 of this book have now simplified this task by putting together a very systematic review of the regulation of the various financial products and exchanges (including the Recognised Trading System Providers or RETS Providers).

Chapter 6 also deals with the requirements of prospectus and advertising restrictions. The last time this topic was discussed in depth was by Professor Walter Woon

in his authoritative book *Company Law* (2nd ed., 1997). Since 1997, the law concerning prospectus requirements, together with the listing requirements, has undergone extensive revamp. This chapter is therefore very timely with its thorough updates.

Chapter 7 touches on the licensing and regulation of securities market intermediaries under the SFA and the *Financial Advisers Act*. It also includes a write-up on the investor compensation scheme provided for under the SFA (see [7.28] to [7.37]) and the rules governing the conduct of business by the financial intermediaries (see [7.38] to [7.54]). The latter covers a wide range of issues confronting the various types of intermediaries [7.39] which include advisory service [7.40] and money laundering [7.54].

The book ends with a chapter devoted to the discussion of insider trading and other securities frauds. The entire regime concerning insider trading has also been revised in 2001 from a 'person-connected' approach under the *Securities Industry Act* section 103 to the 'information-connected' approach under section 218 of the SFA. As there are very few local cases on this topic, the author draws most of his examples from the Australian and English cases. However, with the recent instances of insider trading involving the Government of Singapore Investment Corp., Asiatravel.com and Amtek Engineering etc. committed under the new law, local cases look set to find their way into the second edition of this book.

On the whole, this book must be commended for its timeliness. In addition, the author has done a good job by amalgamating all the relevant literature on the topic to come up with a comprehensive and thorough piece of work. Students and non-lawyers will find the book a pleasure to read. The writing style is crisp and clear with very few legal jargons. At the same time, the chapters of the book are well interspersed with relevant cases drawn from the various jurisdictions and the points made by the author are adequately footnoted with the appropriate literature. These make it a useful resource material for practitioners and legal scholars who may wish to conduct further research on the topic.

However, a little drawback that I find is in the use of the square parentheses for the listing of the subparagraphs of the chapters throughout. Personally, I feel that the square parentheses are distracting and do not help very much in the navigation through the chapters, which are already filled with abbreviations, curved parentheses and words in italics. However, this may be pure idiosyncrasy and I do not expect every reader to share this view. The other dissatisfaction that I have is in the way the book is bound. The copy that I possess has only been with me for less than a year and yet the pages in the middle portion of the book have started falling out to my dismay. This should never have happened considering the price at which the book is retailing. Although this is a small matter, it is disappointing to see a well-written book being marred by a petty issue such as this.

Having said all that, the book is undoubtedly a valuable source for all who have an interest in the financial markets. I am sure this book will find a place in every private and institutional library and on the shelves of many offices along Shenton Way.

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