Strengthening the International Competitiveness of Capital Markets: Global Insights and Local Strategies

Law Working Paper N° 876/2025

July 2026

Aurelio Gurrea-Martínez
Singapore Management University and ECGI

ECGI Working Paper Series in Law

Strengthening the International Competitiveness of Capital Markets: Global Insights and Local Strategies

Working Paper N° 876/2025
July 2026

Aurelio Gurrea-Martínez

For valuable comments and discussions, I would like to thank Douglas Arner, Tony Casey, Joon Hyug Chung, Alejandra Medina, Dan Puchniak, Nydia Remolina, Adriana Robertson, Julia Sinning, Wan Wai Yee and Dirk Zetzsche. For excellent research assistance, I am very grateful to Li Suyang, Xingyu Li and Mei Bin Tan. All errors are mine.

Abstract

Global capital markets are undergoing a profound transformation. Over the past decade, there has been a marked decline in Initial Public Offerings (IPOs) in most advanced economies, including those with highly developed capital markets such as the United Kingdom and the United States. Interestingly, during the same period, countries like Indonesia, Malaysia, Thailand and particularly China, have witnessed a significant increase in the number of listed companies, contributing to making Asia home to approximately 55% of all listed companies worldwide. The decline in IPO activity has prompted many countries and regions around the world, including the United Kingdom, the United States, the European Union, various Latin American countries and several jurisdictions in Asia and the Pacific such as Australia and Singapore, to embark on a range of efforts to revitalize their public equity markets. At the same time, regulators are assessing how to respond to the rapid growth of private markets, which is becoming one of the defining features of the evolving corporate financing landscape and certainly one of the primary drivers behind the decline of IPOs in many countries. Using Singapore as a case study, this article examines how countries can strengthen the international competitiveness of their public equity markets while navigating the risks and opportunities posed by the rise of private markets. Given that many of the challenges faced by Singapore are also present in other jurisdictions, this article ultimately seeks to contribute to the global debate on how countries should adapt to a new era of capital markets and corporate financing marked by increasingly blurred boundaries between public and private markets.

Keywords: Capital markets, stock exchanges, IPOs, private markets, regulatory competition, corporate governance, investor protection

Aurelio Gurrea-Martínez
Professor of Law
Singapore Management University
55 Armenian Street
179943 Singapore, Singapore
phone: +65 680 851 60
e-mail: aureliogm@smu.edu.sg

Strengthening the International Competitiveness of Capital Markets: Global Insights and Local Strategies

Aurelio Gurrea-Martínez [*]

[*] Aurelio Gurrea-Martínez is Professor of Law and Head of the Singapore Capital Markets Initiative at Singapore Management University. Email: aureliogm@smu.edu.sg. For valuable comments and discussions, I would like to thank Douglas Arner, Tony Casey, Joon Hyug Chung, Alejandra Medina, Dan Puchniak, Nydia Remolina, Adriana Robertson, Julia Sinning, Wan Wai Yee and Dirk Zetzsche. For excellent research assistance, I am very grateful to Li Suyang, Xingyu Li and Mei Bin Tan. All errors are mine.

Abstract

Global capital markets are undergoing a profound transformation. Over the past decade, there has been a marked decline in Initial Public Offerings (IPOs) in most advanced economies, including those with highly developed capital markets such as the United Kingdom and the United States. Interestingly, during the same period, countries like Indonesia, Malaysia, Thailand and particularly China, have witnessed a significant increase in the number of listed companies, contributing to making Asia home to approximately 55% of all listed companies worldwide. The decline in IPO activity has prompted many countries and regions around the world, including the United Kingdom, the United States, the European Union, various Latin American countries and several jurisdictions in Asia and the Pacific such as Australia and Singapore, to embark on a range of efforts to revitalize their public equity markets. At the same time, regulators are assessing how to respond to the rapid growth of private markets, which is becoming one of the defining features of the evolving corporate financing landscape and certainly one of the primary drivers behind the decline of IPOs in many countries. Using Singapore as a case study, this article examines how countries can strengthen the international competitiveness of their public equity markets while navigating the risks and opportunities posed by the rise of private markets. Given that many of the challenges faced by Singapore are also present in other jurisdictions, this article ultimately seeks to contribute to the global debate on how countries should adapt to a new era of capital markets and corporate financing marked by increasingly blurred boundaries between public and private markets.

Table of Contents

1. Introduction

Well-functioning capital markets are essential drivers of economic growth.[1] By efficiently reallocating resources from savers to borrowers, they direct capital to its most productive uses, supporting investments in technology, infrastructure, and long-term projects that boost productivity, foster innovation, and create more and better jobs.[2] Capital markets enable companies to access financing needed to scale operations and take risks, particularly through equity markets, which provide long-term, risk-tolerant capital for launching new ventures and developing cutting-edge technologies.[3] Moreover, whether it is through debt or equity, market-based financing is a valuable complement to traditional bank lending, which often relies on collateral and established relationships, and may not reach high-potential projects that lack tangible assets but promise significant economic gains.[4]

Yet, the benefits of capital markets extend beyond capital formation. For companies, well-functioning capital markets can help monitor firm performance, discipline managers and protect investors.[5] For individuals, they can serve as an important tool to grow savings, hedge against inflation, and plan for retirement. Moreover, by sharing the profits generated by the corporate sector, capital markets have the potential to democratize wealth, reduce inequality and promote inclusive growth.[6]

---

[1] For a review of the literature on the impact of capital markets on the promotion of economic growth, *see e.g.*, Ross Levine, *Financial Development and Economic Growth: Views and Agenda*, 35 J. ECON. LIT. 688, 688-690 (1997) (finding that "the preponderance of theoretical reasoning and empirical evidence suggests a positive, first-order relationship between financial development and economic growth" and noting that "the functioning of financial systems is vitally linked to economic growth"); Raghuram G. Rajan & Luigi Zingales, *Financial Dependence and Growth*, 88 AM. ECON. REV. 559, 559 (1998) (finding, in a large cross-country sample, that "industrial sectors that are relatively more in need of external finance develop disproportionately faster in countries with more-developed financial markets").

[2] *See e.g.,* OECD, *Capital Market Review of the Philippines 2024*, 13-15 (2024), https://www.oecd.org/en/publications/oecd-capital-market-review-of-the-philippines-2024_80afb228-en.html (describing how capital markets achieve those goals by "channelling household savings into investment in productive sectors of the economy," which in turn allows companies to "scale operations, create employment opportunities and invest in new technologies to raise productivity").

[3] *Id.*

[4] *Id.*

[5] Thus, capital markets can serve as a powerful mechanism to reduce agency costs. *See* Michael C. Jensen & William H. Meckling, *Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure*, 3 J. FIN. ECON. 305, 308-329 (1976) (defining the agency relationship and its associated costs while also arguing that the "market for the firm itself" constrains managers' divergence from shareholder interests).

[6] *See OECD, supra* note 2, at 14. *See also* Robin Greenwood & David Scharfstein, *The Growth of Finance*, 27 J. ECON. PERSP. 3, 13 (2013) (highlighting that diversification and the increased household participation in financial markets have enabled individuals to save and to earn a premium from holding risky assets).

As a result of these factors, it is unsurprising that many countries are concerned with the development and performance of their capital markets. In many jurisdictions, particularly smaller emerging economies, the absence or consistently low volume of IPO activity has traditionally been the norm.[7] In such contexts, the predominant concern has centered on the broader objective of fostering the development of domestic capital markets.[8] In other countries, mainly advanced economies including the United States,[9] the United Kingdom,[10] the European Union,[11] Australia,[12]

[7] Several developing nations have recently launched their first domestic IPOs. For example, in the Dominican Republic, the first offering took place in 2023 with the firm César Iglesias S.A. *See* César Iglesias, *Placement of the First Public Offering of Shares in the Country* (press release) (Aug. 9, 2023), https://cesariglesias.com/primera-oferta-publica-de-acciones-del-pais/?lang=en. *See also César Iglesias marca hito al emitir acciones: ¿Cuál será el precio de salida?* [*César Iglesias Marks a Milestone by Issuing Shares: What Will Be the Offering Price?*], ELDINERO (Aug. 4, 2023), https://eldinero.com.do/241197/cesar-iglesias-marca-hito-al-emitir-acciones-cual-sera-el-precio-de-salida/. Cambodia's first IPO occurred in 2012 with its national water utility. *See* Thomas Clouse, *Water Company Launches First Cambodian Domestic IPO*, GLOB. FIN. (May. 3, 2012), https://gfmag.com/emerging-frontier-markets/water-company-launches-first-cambodian-domestic-ipo; *see also Phnom Penh Water Supply Authority Sets an IPO Date*, REANDA INT'L (Mar. 19, 2012), https://www.reanda-international.com/news/phnom-penh-water-supply-authority-sets-an-ipo-date. Laos launched its stock exchange with two IPOs in early 2011. *See Financial Summary*, BANQUE POUR LE COMMERCE EXTÉRIEUR LAO PUB. 1 (2011), https://www.bcel.com.la/bcel/bcelweb-datas/financial-info/financial-summary/en/bcel_web_file_21_78a1e2f30b4d41d3c362be117201dc08.pdf. *See* also *Business in Laos: Banks, New Stock Market, Customs and Tips on Doing Business in Laos*, FACTS & DETAILS (last updated May. 2014), https://factsanddetails.com/southeast-asia/Laos/sub5_3d/entry-2987.html (noting that trading commenced on January 11, 2011). Similarly, Rwanda's first IPO was completed in early 2011. *See Brewery Flotation Marks First Rwandan IPO*, RTÉ (Feb. 4, 2011), https://www.rte.ie/news/business/2011/0204/297342-rwanda-business; *see also Rwanda Stock Exchange Opens with Brewery IPO*, Afr. Cap. Mkts. News (Feb. 14, 2011), https://africancapitalmarketsnews.com/rwanda-stock-exchange-opens-with-brewery-ipo.

[8] *See e.g.,* International Finance Corporation Research Series (World Bank Group), *Financing Firm Growth: The Role of Capital Markets in Low- and Middle-Income Countries* 21-67 (2025), https://hdl.handle.net/10986/42755 (emphasizing the role and importance of capital markets as a catalyst to foster job creation and firm-level and economy-wide growth in developing countries).

[9] *See e.g.,* M. Vahid Irani, Gerard Pinto & Donghang Zhang, Globalization and Capital Markets: Evidence from the Decline in IPOs, SOC. SCI. RSCH. NETWORK (Apr. 14, 2024), https://papers.ssrn.com/abstract=4570849 (examining reasons for a decline in U.S. company IPOs); OECD, *Asia Capital Markets Report 2025, 12-16* (2025), https://www.oecd.org/en/publications/asia-capital-markets-report-2025_02172cdc-en.html (noting this trend that between 2000 and 2024, the number of listed companies in Asia grew by over 14,300, while declining by 2,243 in the United States and 1,055 in Europe); Craig Doidge, G. Andrew Karolyi & René M. Stulz, *The U.S. Listing Gap*, 123 J. FIN. ECON. 464, 465-66 (2017) (finding a pronounced post-1996 contraction in the number of U.S. domestic listings, contrasted with an expansion in aggregate non-U.S. listings, thereby establishing a post-1999 U.S.-specific 'listing gap' and a divergence in public equity market evolution").

[10] For a detailed analysis of this trend in the United Kingdom, *see* Jonathan Hill, *UK Listings Review 1* (2021), https://www.gov.uk/government/publications/uk-listings-review (noting that the number of UK-listed companies had fallen by approximately 40% since a 2008 peak and London captured only 5% of global IPOs between 2015 and 2020); Alperen A. Gözlügöl, *The decline of stock markets in the UK: is regulation to blame and deregulation a fix?*, 25 J. CORP. L. STUD. 77, 82 (2025). *See also* Eilís Ferran, Elizabeth Howell and Felix Steffek, PRINCIPLES OF CORPORATE FINANCE LAW (CUP, 2023, 3rd Edition) 467-469.

[11] OECD, *supra* note 9.

[12] *See e.g.,* Carole Comerton-Forde, *Evaluating the State of the Australian Public Equity Market: Evidence from Data and Academic Literature*, ASIC Rep. 807, 5-13, https://www.asic.gov.au/regulatory-resources/find-a-

and Singapore,[13] there has been a marked decline in IPOs.[14] In these jurisdictions, the priority has become revitalizing the equity capital markets. Interestingly, in various emerging markets, especially in Asia, there has been a vibrant IPO activity, partially driven by domestic growth and increasing investor interest.[15] In these latter countries, the goal is strengthening the capital markets to keep supporting innovation and growth.[16]

While IPO activity and the development of capital markets depend on many factors,[17] a country's underlying economic dynamism plays a key role.[18] Additionally, the decline in the number of companies seeking to go public in countries that have traditionally had a vibrant IPO activity—such as the United States—also reflects the growth of private markets as a substitute for public

---

document/reports/rep-807-evaluating-the-state-of-the-australian-public-equity-market-evidence-from-data-and-academic-literature (describing a recent decline in the Australian market, with a notable drop in the number of listed companies between 2022 and 2024 and a substantial decline in IPO capital raised in the last three years).

[13] *See e.g.,* PwC Singapore, *Equity Capital Markets Watch, 2024 Year in Review, Singapore and Southeast Asia*, (2024), https://www.pwc.com/sg/en/publications/equity-capital-markets-watch.html (reporting that "Singapore's IPO activities has declined over the last four years", noting that total funds raised fell from US 1.22 billion in 2021 to just US 0.03 billion in 2024, and finding that between 2021 and 2024, Singapore saw only 30 IPOs, compared with 143 in Malaysia, 231 in Indonesia, and 145 in Thailand). See also *See* Owen Walker, *Singapore's Stock Exchange Hits 20-Year Low in Listed Companies*, FIN. TIMES, (Dec. 27, 2024), https://www.ft.com/content/bd40562e-1414-485e-9a3a-b2980d7a3d4e (reporting that the number of listed companies fell from 782 in 2013 to 617 in 2024).

[14] *See e.g.,* The WFE Statistics Team, *WFE Market Highlights FY 2024*, (2025), https://www.world-exchanges.org/our-work/articles/wfe-market-highlights-fy-2024 (noting global IPOs fell to a five-year low).

[15] *See* OECD, *supra* note 9, at 26-32 (detailing the dramatic growth of Asian equity markets, noting that Asia's share of global IPOs rose from 31% in 2000–2008 to 49% in 2009–2024); PWC, *Indonesia IPO Markets Watch: H1* 2025, at 8, 10 (2025) (reporting that 53 IPOs in the Southeast Asia raised a collective US$1,395 million in the first half of 2025 and that the number of capital market investors in Indonesia grew from 7.4 million in 2021 to 17 million by July 2025).

[16] *See e.g.,* Ross Levine, *Finance and Growth: Theory and Evidence*, *in* 1 HANDBOOK OF ECONOMIC GROWTH 865, 879–884 (Philippe Aghion & Steven N. Durlauf eds., 2005) (surveying evidence that market depth and liquidity hinge on institutional quality and scale, and synthesizing how institutional/scale frictions impede capital market development).

[17] *See e.g.,* Ana Fiorella Carvajal & Ricardo Bebczuk, *Capital Markets Development: Causes, Effects, and Sequencing - A Literature Review*, (2020), https://policycommons.net/artifacts/1271479/capital-markets-development/1854665/ (reviewing the literature and identifying three key sets of determinants: "(a) a stable macroeconomic environment . . . (b) a certain level of development of the financial sector . . . and (c) a robust legal and institutional environment, including mechanisms to ensure the protection of investors and . . . the rule of law").

[18] OECD, *OECD Capital Market Review of Spain 2024*, 16-17 (2024), https://www.oecd.org/en/publications/oecd-capital-market-review-of-spain-2024_478ec2f5-en.html (arguing that "dynamic capital markets also depend on a solid economic environment" and illustrating the point by contrasting the industry composition of Spain's IBEX 35, where technology and healthcare make up only 1.7% of the index, with the U.S. S&P 500, where those sectors constitute 42%, and linking this disparity to subsequent differences in market performance and real GDP growth).

capital markets.[19] Indeed, in the current environment, many firms stay private longer,[20] raise funds differently,[21] and may not feel the need to go public.[22]

This article argues that, although macroeconomic conditions and the rise of private markets partly explain the global decline in IPOs, there is significant room for improving the attractiveness of many local capital markets. Using Singapore as a case study, this article discusses recent initiatives launched by the Monetary Authority of Singapore (MAS) and the Singapore Exchange (SGX) for the revitalization of Singapore's capital markets and proposes additional measures to attract IPOs and strengthen the capital market ecosystem in Singapore.[23] It also examines how regulators should respond to the rise of private markets, and why the decline of IPOs is not necessarily a poor indicator of the health of a country's financial system. Given that the features and challenges observed in Singapore can also be found in many other jurisdictions, this article ultimately seeks to contribute to the broader global debate on the decline in IPOs and the rise of private markets, offering policy recommendations for countries seeking to adapt their regulatory frameworks to a new era of capital markets where the distinction of public and private markets is becoming increasingly blurred.

---

[19] *See e.g.,* Reena Aggarwal, *Capital Raising: The Need for Vibrant Public Markets*, 11 (2025), https://papers.ssrn.com/abstract=5360442 (documenting the significant expansion of private capital, which allows companies to access funding without the "regulatory burden and scrutiny of being a public company" and thereby postpone or entirely bypass an initial public offering.).

[20] *See e.g.,* Daria Davydova, Rüdiger Fahlenbrach, Leandro Sanz & René M. Stulz, *Why Do Startups Become Unicorns Instead of Going Public?,* NBER Working Paper No. 30604, at 3, 6 (2024), https://www.nber.org/papers/w30604 (arguing that "greater access to private funding" reduces the relative benefits of being public and citing scholarship that the "ample availability of capital… has made it possible for firms to remain private indefinitely").

[21] *See* Ilya Strebulaev, *IPO Share of Unicorn Exits Dropped from 83% in 2021 to 21% in 2023*, (2025), https://www.linkedin.com/posts/ilyavcandpe_ipo-share-of-unicorn-exits-dropped-from-83-activity-7348410566916362241-AwBl/ .

[22] *See e.g.,* Michael Ewens & Joan Farre-Mensa, *The Deregulation of the Private Equity Markets and the Decline in IPOs*, 33 REV. FIN. STUD. 5463, 5506 (2020), https://doi.org/10.1093/rfs/hhaa053 (arguing that an increased supply of private capital has changed the "going-public versus staying-private trade-off," allowing more startups to finance their growth privately and empowering founders, who often prefer to retain control, to delay or avoid an IPO altogether).

[23] *See* Ranamita Chakraborty, *MAS Proposals a Step Forward in 'Democratising' Investing, 'Strikes Right Balance': Observers*, THE BUSINESS TIMES (July 2, 2025), https://www.businesstimes.com.sg/companies-markets/mas-proposals-step-forward-democratising-investing-strikes-right-balance-observers; Monetary Auth. of Sing, *Consultation Paper on Enhancements to Product Highlights Sheet (PHS) Requirements and the Complex Products Framework* (2025) (proposing enhancements to product disclosure and a review of the distribution safeguards for complex financial products to address challenges arising from the "increased digitalisation of financial services" and the evolving needs of retail investors).

The article is structured as follows. Section 2 provides an overview of the evolving landscape of global capital markets and an increasing competition for the attraction of capital. Section 3 delves into Singapore's capital market dynamics, elaborating on what this article refers to as the Singapore Capital Market Puzzle ("SCMP") and proposing a holistic framework to address it. Section 4 broadens the analysis by considering the international decline in IPOs and the rise of private markets, assessing the implications for the overall financial system and its ability to foster innovation and growth. Section 5 synthesizes the lessons that other jurisdictions can learn from the Singapore experience. Section 6 concludes.

2. Competition and Transformation in Capital Markets

2.1. Global Capital Markets

The United States has traditionally dominated global capital markets, with the New York Stock Exchange (NYSE) and NASDAQ consistently leading in terms of market capitalization, liquidity, and IPOs.[24] This leadership has been supported by a deep and diverse investor base, highly liquid secondary markets, and flexible corporate governance, including the widespread acceptance of dual-class share (DCS) structures.[25] Historically, the United Kingdom, anchored by the London Stock Exchange (LSE), has served as a key competitor.[26] In recent years, however, new rivals have emerged, making the geography of global capital markets increasingly pluralistic.[27]

For instance, Hong Kong has established itself as one of the world's premier venues for IPOs, consistently ranking among the top global exchanges in terms of funds raised over the past decade.[28] A pivotal moment in its regulatory evolution came in 2018, when the Hong Kong Exchanges and Clearing Limited (HKEX) introduced reforms allowing DCS structures.[29] This

---

[24] *See e.g.,* Blackrock, *The Virtuous Cycle: Global Potential of Capital Markets*, 11-15 (2025), https://www.blackrock.com/corporate/literature/whitepaper/global-capital-markets-paper.pdf (describing U.S. markets as the "deepest in the world" and highlighting the country's "long track record of investment by households," with 58% participation, as a "powerful force in creating household wealth").

[25] Aurelio Gurrea-Martínez, *Theory, Evidence, and Policy on Dual-Class Shares: A Country-Specific Response to a Global Debate*, 22 EUR. BUS. ORG. L. REV. 475, 475 (2021).

[26] *See e.g.,* Pamela Pogliani, Goetz von Peter & Philip Wooldridge, *The Outsize Role of Cross-Border Financial Centres*, 4-9 (2022), https://www.bis.org/publ/qtrpdf/r_qt2206b.pdf (classifying London and New York as the largest global financial centres).

[27] *See, e.g.,* Doidge, Karolyi, and Stulz, *supra* note 9, at 464-467 (documenting a sharp decline in the number of U.S. listed companies from a peak of 8,025 in 1996 to 4,102 in 2012, a period during which listings in other developed countries increased by 48%).

[28] For background situating Hong Kong within the global competition for IPO listings and documenting HKEX's reforms to attract issuers (including dual-class listings), *see generally* Gurrea-Martínez, *supra* note 25.

[29] *See* Hong Kong Exchs. & Clearing Ltd., *Consultation Conclusions: A Listing Regime for Companies from Emerging and Innovative Sectors*, (2018) (announcing the implementation of new Listing Rules, effective April

change was partially prompted by Alibaba's high-profile decision in 2014 to list on the New York Stock Exchange after Hong Kong's then-prevailing "one share, one vote" policy prevented it from floating with a founder-controlled structure.[30] The reforms were explicitly aimed at attracting high-growth, founder-led technology firms that might otherwise have opted for U.S. exchanges. Hong Kong's appeal also derives from its unique status as a bridge between mainland China and the rest of the world, offering a reputable, liquid, and sophisticated capital market for Chinese companies seeking international visibility and access to global investors while simultaneously offering overseas investors the opportunity to have access to Chinese companies through an internationally reputable financial center.[31]

Mainland China itself has become a competitor, not only to Hong Kong but also to other established global financial centers.[32] The Shanghai Stock Exchange and the Shenzhen Stock Exchange are now among the world's largest by market capitalization and trading volume.[33] The Shanghai Science and Technology Innovation Board, commonly known as the STAR Market, launched in 2019, was specifically designed to support innovative, high-technology enterprises and has quickly positioned itself as China's answer to the Nasdaq.[34] Shenzhen, often referred to

---

30, 2018, to permit listings of innovative and high-growth issuers with weighted voting rights under a new Chapter 8A, thereby establishing a framework for dual-class share structures).

[30] *See e.g.,* Gurrea-Martínez, *supra* note 25, at 475-493.

[31] *See e.g.,* Douglas W. Arner et al., *Assessing Hong Kong as an International Financial Centre 4*-69 (Apr. 1, 2014), https://papers.ssrn.com/abstract=2427609 (discussing Hong Kong's role as a financial "entrepôt" for Mainland ventures and as the "primary intermediary between China and the global financial system", and explaining that many companies listed on the Hong Kong exchange are in fact "Mainland companies"). *See* also International Monetary Fund Asia and Pacific Dept, *People's Republic of China—Hong Kong Special Administrative Region: 2024 Article IV Consultation Discussions-Press Release; and Staff Report*, 19-34 (2025), https://www.elibrary.imf.org/downloadpdf/view/journals/002/2025/015/article-A001-en.pdf (describing Hong Kong's traditional economic role as "a bridge for trade and finance services between the Mainland and the rest of the world," a status the government seeks to maintain under the moniker of a "super-connector, and noting that this role is operationalized through mechanisms like the various "Connect schemes," which reinforce Hong Kong's position as a "financial gateway for Mainland China" by providing the "main channel for foreign investors to invest in Mainland equities" while simultaneously allowing its banks to "play a leading role in intermediating cross-border financing for Mainland China").

[32] *See e.g.,* Arner et al., *supra* note 31, at 13 ("Yet, the rapid expansion of financial services in Beijing, Shanghai and Shenzhen threaten to make Hong Kong far less attractive to Mainland and other clients. Mainland China's ever-growing network of ties with other centres such as Frankfurt, London and Singapore also threaten to side-line Hong Kong."); OECD, *supra* note 9, at 29 (confirming the scale of mainland China's financial centers that by 2024, China's stock market capitalization reached USD 13 trillion).

[33] *See e.g., Market Statistics - Focus | The World Federation of Exchanges*, https://focus.world-exchanges.org/issue/december-2024/market-statistics (last visited Aug. 30, 2025) (showing monthly market capitalization and trading volume for global exchanges including Shanghai Stock Exchange and the Shenzhen Stock Exchange).

[34] *See e.g.,* Zhiyi Chen et al., *Chinese High-Tech SMEs and IPOs in STAR, in* 211 ADVANCES IN ECON., BUS. & MGMT. RSCH. 845, 845-846 (2022), https://www.atlantis-press.com/proceedings/icfied-22/125971523 (describing the

as “China’s Silicon Valley,” has developed a vibrant ecosystem for small and mid-sized growth enterprises, reflecting China’s broader ambition to build deep and self-sufficient domestic capital markets.[35] These developments form part of a deliberate national strategy to reduce reliance on offshore listings and to encourage domestic companies, especially in sensitive technology sectors, to list closer to home.[36]

Japan, once a dominant force in global capital markets, remains home to the Tokyo Stock Exchange (TSE), one of the largest exchanges worldwide by market capitalization.[37] However, its relative influence has declined over recent decades due to a combination of structural challenges, including prolonged deflation, an aging population, subdued economic growth, and comparatively low returns on equity.[38] Despite these headwinds, Japan continues to possess a deep and liquid capital market, underpinned by a strong institutional investor base and high corporate savings.[39] In an effort to revitalize its markets and attract more international capital, the TSE underwent a significant restructuring in 2022, consolidating its segments and introducing stricter corporate governance standards.[40] These reforms reflect a broader push by policymakers to enhance

---

establishment of the STAR Market on July 22, 2019, to “support the development of high-tech industries” and noting that it “has been touted as ‘Nasdaq of China’.”).

[35] Arner et al., *supra* note 31, at 75 (providing data showing Shenzhen’s competitiveness in capital formation for growth companies, noting that in 2011, Shenzhen listed more than double the number of IPOs as Hong Kong and that its investment funds handled six times more value than Hong Kong’s in 2012).

[36] This strategy has been evident for over a decade. *See e.g.,* Arner et al., *supra* note 31, at 70 (describing national-level plans from the early 2010s, such as the “Blueprint for the Construction of Shanghai International Financial Center,” as part of a state-led effort to develop domestic financial hubs). Recent policy moves are consistent with this long-term objective. *See* OECD, *supra* note 9, at 42-43 (noting that China’s “tighter regulations on offshore listings” have created challenges for foreign funds seeking to exit investments).

[37] *See e.g.,* OECD, *supra* note 9, at 27, 75-78 (noting that at the end of 2024, Japan's market capitalization was the second largest in the region, behind China's and Japan's relative decline in the corporate bond market specifically, where it has seen the "largest corresponding relative decline" in Asia, though it still ranks as the world's sixth-largest market.) .

[38] *See e.g.,* Tanweer Akram, *The Japanese Economy: Stagnation, Recovery, and Challenges*, 53 J. ECON. ISSUES 403, 403-406 (2019) (analyzing Japan’s “more than two decades of stagnation” and identifying key structural challenges including a marked slowdown in real GDP growth, persistent “low inflation or outright deflation,” and a “rapidly aging” and shrinking population); John Buchanan & Simon Deakin, *Has Japan’s Corporate Governance Reform Reached a Turning Point? Some Cautionary Notes*, 30 ASIA PAC. BUS. REV. 433, 433-436 (2024) (describing how the 2014 Itō Review, a precursor to the first Corporate Governance Code, focused on the "persistently low returns from Japanese equities" and the problem of low corporate profitability).

[39] *See e.g.,* Sayuri Shirai, *Tokyo: Still Below Its Potential as a Global Financial Centre*, *in* INTERNATIONAL FINANCIAL CENTRES AFTER THE GLOBAL FINANCIAL CRISIS AND BREXIT 182, 182-197 (Youssef Cassis & Dariusz Wójcik eds., 2018) (noting Japan’s “large financial and capital markets with abundant capital” and explaining that corporate holdings of deposits and currency reached approximately 45 percent of GDP in 2016 as firms chose to accumulate profits rather than reinvest them).

[40] *See* Tokyo Stock Exchange, *Market Restructuring*, JAPAN EXCHANGE GROUP (updated Sept. 19, 2023), https://www.jpx.co.jp/english/equities/improvements/market-structure/01.html (describing consolidation of prior four sections into Prime, Standard, and Growth and the alignment of listing and continued listing criteria,

transparency, improve capital efficiency, and reassert Tokyo's relevance as a competitive global financial hub.[41]

India, for its part, has rapidly developed one of the world's largest and most dynamic capital markets. The National Stock Exchange (NSE) currently ranks among the top stock exchanges by market capitalization.[42] This growth has been underpinned by regulatory modernization, the digitalization of trading infrastructure, and the emergence of a large and increasingly sophisticated domestic investor base.[43] In recent years, India has seen record-breaking IPO volumes,[44] including blockbuster listings from technology and fintech firms, reflecting heightened investor confidence and expanding access to both domestic and foreign capital.[45] Reforms aimed at simplifying listing procedures and broadening market access continue to strengthen India's positioning as a global financial powerhouse.[46]

Across Southeast Asia, capital markets have gained considerable momentum. Various ASEAN countries, including Indonesia, Malaysia, Thailand, the Philippines, and Vietnam, have made significant strides in developing their domestic capital markets.[47] Indonesia and Malaysia, in

---

along with revisions to the Corporate Governance Code imposing higher expectations on Prime Market companies).

[41] *See e.g.,* Buchanan and Deakin, *supra* note 38, at 435-438 (noting that the reforms' official purpose was to contribute to "national economic revival" by targeting specific areas such as transparency and awareness of capital costs, and were promoted internationally to bolster Japan's attractiveness to global investors.).

[42] *See, e.g.,* Cherry Gupta*, Top 10 largest stock exchanges in the world by market cap: India's NSE among global leaders*, THE INDIAN EXPRESS (May 18, 2025), https://indianexpress.com/article/trending/top-10-listing/top-10-largest-stock-exchanges-globally-by-market-cap-india-at-5th-9843887/; Nat'l Stock Exch. of India, *Indian Capital Markets: Transformative Shifts Achieved Through Technology and Reforms 13-18* (2024).

[43] *See, e.g.,* OECD, *supra* note 9, at 53 (highlighting the importance of domestic institutional investor base); Nat'l Stock Exch. of India, *supra* note 42 (describing the growth of retail investors in India). See also U.S. Agency for Int'l Dev., *Developing the Capital Market in India*, 6 (1999) (describing the foundational reforms from the 1990s, including the establishment of the Securities and Exchange Board of India and the introduction of nationwide electronic trading by the NSE, which forced the modernization of the entire market infrastructure).

[44] *See e.g.,* NAT'L STOCK EXCH. OF INDIA, *supra* note 42, at 12-13 (noting that "[i]n 2024, the country was ranked1st in terms of number of IPO listings and 5th in capital raised globally").

[45] *See e.g.,* NAT'L STOCK EXCH. OF INDIA, *supra* note 42, at 12-15 (attributing the market growth to "rising investor confidence in the country's businesses" and noting that the expansion is fueled by capital from foreign and domestic sources, including Foreign Institutional Investors, Domestic Institutional Investors, and individual investors).

[46] *See e.g.,* NAT'L STOCK EXCH. OF INDIA, *supra* note 42, at 29-43 (describing specific reforms such as the reduction of IPO listing timelines from T+6 to T+3 days and the implementation of fully digital eKYC for investor onboarding, and noting these changes have contributed to India ranking first globally in the number of IPO listings in FY2024).

[47] *See e.g.,* OECD, *supra* note 9, at 16-28 (describing how "many Asian economies have implemented comprehensive reforms to strengthen their financial systems and promote market-based financing" over the past two decades, and presenting data showing the growth in market capitalization relative to GDP for

particular, have seen growing IPO activity and expanding domestic investor bases,[48] driven by rapid economic growth, rising digitalization, and regulatory improvements.[49] Regional efforts to integrate and harmonize markets through initiatives like the ASEAN Capital Markets Forum and the ASEAN Collective Investment Scheme Framework aim to foster greater cross-border investment and regulatory coordination.[50] While market depth and sophistication vary across the bloc, ASEAN's combined trajectory points to increasing relevance in the global contest for capital.[51]

Meanwhile, the European Union (EU) has been pursuing deeper integration through its Capital Markets Union (CMU) initiative, aimed at reducing fragmentation across its 27 member states and enhancing cross-border capital mobility.[52] Despite the EU collectively representing one of the world's largest economic blocs, its capital markets remain less integrated than those of the United States or China.[53] The CMU seeks to harmonize regulatory standards, deepen equity and debt

---

Indonesia, Malaysia, Thailand, the Philippines, and Vietnam between 2000 and 2024); PWC, *supra* note 15, at 8-10.

[48] *See e.g.,* OECD, *supra* note 9, at 28-63 (listing FinTech initiatives in Indonesia and Malaysia, such as commission-free mobile brokers and digital-only platforms, designed to promote retail investor participation, and showing data on IPO and SPO activity as a percentage of GDP for Indonesia and Malaysia); PWC, *supra* note 15, at 8-10.

[49] *See supra* note 17 (discussing the key determinants for capital markets development).

[50] *See e.g.,* World Economic Forum, *Accelerating Emerging Capital Markets Development: Corporate Bond Markets*, WORLD ECONOMIC FORUM 33 (2015) (describing the ASEAN Capital Markets Forum's (ACMF) "ASEAN and Plus Standards Scheme" as an initiative designed to "reduce the cost and burden for corporates to cross-list their debt securities offerings within ASEAN" and facilitate cross-border investment); Securities Commission Malaysia, *ACMF Announced the Framework for the Cross-Border Offering of ASEAN CIS - Media Releases | Securities Commission Malaysia*, (Oct. 1, 2013), https://www.sc.com.my/resources/media/media-release/acmf-announced-the-framework-for-the-cross-border-offering-of-asean-cis (announcing the ASEAN CIS Framework enabling cross-border retail fund offerings through a streamlined authorization process and common standards, with the stated aim of facilitating cross-border investment flows).

[51] *See e.g.,* World Economic Forum, *supra* note 50, at 19-28 (presenting data that illustrates the wide variation in market development across East Asia, with aggregate market capitalization as a percentage of GDP ranging from 42% in Vietnam to 347% in Singapore , while also documenting the region's rapid growth trajectory, noting that the local currency corporate bond market grew at a 30% compound annual rate from 2007 to 2013).

[52] *See e.g.,* World Economic Forum, *supra* note 50, at 17 (describing the European Commission's Capital Markets Union initiative as an effort to "integrate the capital markets of the 28 member states of the EU to reduce fragmentation among the markets… and strengthen cross-border capital flows").

[53] *See e.g.,* Luc Laeven, *Chapter 3. European Union Financial Integration before the Crisis*, *in* FROM FRAGMENTATION TO FINANCIAL INTEGRATION IN EUROPE (2013); Mario Draghi, *The Draghi Report: A Competitiveness Strategy for Europe (Part A)* 4-8, 63 (2024), https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en?filename=The+future+of+European+competitiveness+_+A+competitiveness+strategy+for+Europe.pdf (highlighting several structural factors contributing to the EU's market fragmentation relative to the U.S., including the lack of a single securities regulator like the U.S. Securities and Exchange Commission and a far less unified clearing and settlement system, with over twenty central securities depositories compared to a single one in the U.S.).

markets, and facilitate financing for innovative companies.[54] Achieving this is an existential challenge for European competitiveness, as a fragmented market will continue to drive its most creative firms to the deeper, more dynamic capital pools of the United States.[55]

As happens in other advanced economies, Australia has also experienced a marked decline of IPOs in recent years, both in volume and breadth. From a post-pandemic high of 190 IPOs in 2021, listings fell to just 29 in 2024—the lowest annual total since 2004.[56] Despite this contraction, total capital raised rose sharply in 2024 to A$4.1 billion (approximately US$2.73 billion), largely due to a few high-value large-cap IPOs.[57] Analysts attribute the downturn to macroeconomic uncertainty, high interest rates, and the growing preference for private capital pathways over public markets.[58] In response, regulatory bodies such as the Australian Securities and Investment Commission (ASIC) have initiated reforms to streamline the IPO process and improve the competitiveness of Australia's capital markets.[59]

The Middle East, traditionally underrepresented in international capital markets, has also made significant strides. Exchanges in the Gulf Cooperation Council (GCC) region, including the Saudi

---

[54] *See* Draghi, *supra* note 53, at 33-65 (outlining CMU proposals such as transitioning to a single securities regulator to harmonize standards and implementing measures to "generate a significant increase in equity and debt funding available to start-ups and scale-up," including stimulating institutional investment in innovative companies); Eur. Sec. & Mkts. Auth., *Building More Effective and Attractive Capital Markets in The EU* 5 (May 2024) (recommending measures to "stimulate[] equity funding to support innovation and growth" and advance the harmonization of insolvency and corporate law).
[55] Draghi, *supra* note 53, at 4-8 (linking market fragmentation to the exodus of high-growth firms, stating that a fragmented market "drives high-growth companies overseas, in turn reducing the pool of projects to be financed"); European Comm'n, *The Savings and Investments Union: Connecting Savings and Productive Investments* (Mar. 2025) (stating that the initiative aims to address how "[f]ragmentation in EU capital markets must be addressed as it holds back growth").
[56] *See e.g.,* HLB Mann Judd, *2025 IPO Watch Australia Report*, HLB MANN JUDD 4-15 (2025), https://hlb.com.au/2025-ipo-watch-australia-report/ (reporting that "2024 experienced the lowest number of listings since the inaugural IPO Watch Australia report in 2004" with a total of 29 listings, and showing in its "IPO Activity by Year" chart that listings peaked in 2021 at just under 200).
[57] *See e.g.,* HLB Mann Judd, *supra* note 56, at 4 (notes that this A$4.1 billion total was "largely due to the eleven large-cap listings in the year... which contributed 96% of the total funds raised.).
[58] *See e.g.,* Australian Securities and Investments Commission, *Australia's Evolving Capital Markets: A Discussion Paper on the Dynamics between Public and Private Markets*, 7-17 (2025), https://download.asic.gov.au/media/44hh5ctv/australia-s-evolving-capital-markets-a-discussion-paper-on-the-dynamics-between-public-and-private-markets.pdf (summarizing academic research and stakeholder feedback indicating that the "rapid growth of private markets has made it easier for private companies to access capital" and that many companies now prefer private funding to avoid the costs, short-term pressures, and scrutiny associated with being a public company); HLB Mann Judd, *supra* note 56, at 4 (attributing low volumes to "significant macro and political factors globally").
[59] *See e.g.,* Australian Securities and Investments Commission, *supra* note 58, at 2-31 (states ASIC's goal is to "gather actionable ideas on regulation that will enhance the operation of our capital markets" and announces that ASIC is "exploring options with the ASX to improve the listing pathway and ongoing listing rules.").

Stock Exchange (Tadawul), Dubai Financial Market and Abu Dhabi Securities Exchange, have gained prominence, driven by ambitious economic diversification strategies and landmark privatizations. Saudi Arabia's Aramco IPO in 2019, the largest in history at $29.4 billion, marked a watershed moment, catapulting Tadawul into global prominence.[60] Since then, the GCC region has experienced a surge in IPO activity, with 2023 seeing record numbers of listings in Saudi Arabia and the UAE, supported by regulatory reforms aimed at improving transparency and aligning with international standards. Sovereign wealth funds and family-owned enterprises are increasingly turning to public markets, further boosting regional liquidity and visibility.

Other regions, such as Africa and Latin America, continue to lag behind the global leaders in capital market development but are nonetheless making progress.[61] In Africa, exchanges like the Johannesburg Stock Exchange remain dominant,[62] while markets in Nigeria, Kenya, and Egypt have benefited from regulatory modernization and the gradual liberalization of capital flows.[63] The African Continental Free Trade Area has also raised expectations for greater cross-border investment and capital market integration across the continent.[64] In Latin America, Brazil and Mexico lead the IPO activity in the region.[65] More recently, Chile, Peru, and Colombia have taken steps toward regional integration through the creation of Nuam—a holding company that

---

[60] *See e.g.,* Filipe Pacheco, *World's Biggest IPO Got Bigger: Aramco IPO at $29.4 Billion*, BLOOMBERG.COM, (Jan. 12, 2020), https://www.bloomberg.com/news/articles/2020-01-12/world-s-biggest-ipo-got-bigger-aramco-ipo-size-at-29-4-billion (noting 450 million additional shares placed at 32 riyals via the greenshoe, bringing total proceeds to $29.4 billion).

[61] *See e.g.,* Issouf Soumaré et al., *Capital Market Development in Sub-Saharan Africa: Progress, Challenges and Innovations*, ODI WORKING PAPER 2, 7-11 (2021) (noting that African stock exchanges are underdeveloped compared to other global regions but that their capitalization increased tenfold between 1992 and 2018); OECD, *Latin American Economic Outlook 2024: Rallying Financial Market Resources for Development*, 21-23 (2024), https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/12/latin-american-economic-outlook-2024_60523697/c437947f-en.pdf (describing financial systems in Latin America as "lagging behind" in depth and efficiency compared to the OECD average, while also noting that access to financial services has nearly doubled in the past decade).

[62] *See e.g.,* Issouf Soumaré et al., *supra* note 61, at 9-12 (identifying the Johannesburg Stock Exchange as the most capitalized market in Africa, with Nigeria and Egypt also ranking in the top four, and describing modernization efforts such as the adoption of automated trading platforms in Nigeria and Kenya).

[63] *Id.* (Nigeria and Egypt also ranking in the top four stock exchanges in the Africa and describing modernization efforts such as the adoption of automated trading platforms in Nigeria and Kenya).

[64] *Id.*at 28 (describing the African Continental Free Trade Area as an initiative aimed at deepening the continent's capital markets by establishing "a single continental market for goods and services, with free movement of capital and business travellers").

[65] *See e.g,* OECD, *supra* note 61, at 147 (reporting that between 2012 and 2023, Brazil and Mexico dominated initial public offering (IPO) activity in the region, accounting for 71% and 18% of the total amount raised, respectively).

consolidates the Santiago, Lima, and Colombia Stock Exchanges.[66] Despite these developments, overall market depth remains limited in Latin America, constrained by macroeconomic volatility and the relatively low participation of institutional investors. Nevertheless, ongoing reforms aimed at enhancing transparency, investor protection, and cross-border integration are gradually improving the region's capacity to attract capital.[67]

2.2. Domestic and International Contest for Capital

It has been rightly argued that the central axis of today's global economic competition is not primarily over goods and services but over capital.[68] Competition for capital takes place at both the international and domestic levels. Internationally, jurisdictions compete to attract IPOs and private capital. Domestically, traditional public markets face increasing competition from alternative sources of financing, including venture capital, private equity, and private credit.[69] Despite the rise of private markets, IPOs remain a critical avenue for capital formation, firm financing, and the diffusion of innovation.[70] Consequently, policymakers worldwide have sought to reinforce capital markets while accommodating evolving fundraising methods and new forms to facilitate the transition to public markets such as the use of special purpose acquisition companies (SPACs).[71] From a policy perspective, the central objective is to ensure that firms have access to the financing needed to pursue value-creating projects that drive innovation, job

---

[66] *Id.*at 23, 156 (describing the creation of "nuam exchange," a "regional holding company" "which aims at the full integration of the stock exchanges of Colombia, Lima and Santiago").

[67] *Id.*at 156, 232-236 (describing Argentina's adoption of a Corporate Governance Code to enhance investor confidence, Chile's Fintech Law aimed at improving transparency, and the creation of the Nuam exchange to integrate the stock markets of Chile, Colombia and Peru).

[68] *See e.g.,* John Zito, *The Real Global Contest Is Over Capital*, (Apr. 29, 2025), https://www.apollo.com/insights-news/insights/2025/04/the-real-global-contest-is-over-capital ("[T]he more consequential global contest may not be over goods at all, but rather over capital"). *See also* Curtis J. Milhaupt and Wolf-Georg Ringe, *The Political Economy of Global Stock Exchange Competition,* ECGI LAW WORKING PAPER N° 872/2025 (2025), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5482186 (explaining how stock exchanges have become strategic assets in a new era of global competition).

[69] *See e.g.,* Blackrock, *supra* note 24, at 6-13 (presenting data showing that the number of listed companies in the U.S. and U.K. has declined since 2001, and observing that "private markets have been growing, offering these companies more opportunities to finance themselves through capital markets").

[70] *See e.g.,* OECD, *supra* note 9, at 19-21 (demonstrating that "public listings play an important role in supporting corporate investment" by showing that corporate investment ratios in technology and healthcare sectors increase substantially in the years immediately following an IPO).

[71] *See e.g.,* Lerong Lu & Ci Ren, *Innovating Corporate Share Listing Frameworks: A Comparative Study of SPAC Regulatory Regimes in the United Kingdom, Singapore, and Hong Kong*, 32 ASIA PAC. L. REV. 436, 436-442 (2024) (analyzing how the United Kingdom, Singapore, and Hong Kong have proactively revised their listing regulations to permit SPACs, aiming to capture a share of the evolving global market for capital raising; noting that the SPAC market experienced a pronounced boom culminating in 2021 (610 IPOs) after a multi-year rise in relative share (from 4% of IPOs in 2013 to 30% in 2019), followed by a sharp contraction in 2022 (86 IPOs), with indications of continued cooling thereafter).

creation and growth. The source of these funds—whether from public or private markets—should be of secondary importance, as different fundraising methods often serve complementary roles within the broader financial ecosystem.[72]

In fact, a certain degree of competition between public and private markets can be beneficial. However, such competition requires a level playing field, with consistent regulatory standards applied to comparable risks to ensure that market dynamics foster efficiency and innovation without compromising investor protection or the stability of the financial system.[73]

What is clear, however, is that the contemporary contest for capital is no longer confined to competition among jurisdictions. It now also involves domestic competition with entirely new actors and platforms. This signals the emergence of a new paradigm in corporate fundraising, or perhaps the rise of a fundamentally different type of capital market—one that increasingly blurs the traditional boundaries between private and public markets.[74]

2.3. Regulatory Competition in Capital Markets and The Need to Improve the Regulatory Environment for Issuers and Investors: A Zero-Sum Game?

Apart from the debates that countries are facing in terms of how to regulate private markets that increasingly look like public markets, the increasing number of players in global capital markets

---

[72] *See e.g.,* Thorsten Beck & Ross Levine, *Industry Growth and Capital Allocation: Does Having a Market- or Bank-Based System Matter?*, 64 J. FIN. ECON. 147, 149-151 (2002) (holding that the specific institutional form is of "second-order importance" compared to the overall ability of the financial system to provide essential functions like mobilizing capital and monitoring firms, and concluding from a multi-country empirical study that "while financial structure per se does not importantly explain industrial performance, overall financial development and the legal environment are critically important").

[73] *See e.g.,* OECD, *supra* note 9, at 41 (noting growth of private markets has led to concerns about regulatory arbitrage and risks stemming from inconsistent oversight compared to public markets, and discussing risks in private finance, including "low transparency," "limited oversight investors have of fund managers," "high and opaque fees, misleading performance disclosures, the accuracy of valuations, [and] leverage risks," which have prompted regulators in the U.S. and E.U. to increase transparency).

[74] *See e.g.,* Blackrock, *supra* note 24, at 5-6 (highlighting that capital markets should no longer be understood as an ecosystem around companies whose shares are listed and traded on public exchanges but as a "wide spectrum of different kinds of companies and other users of capital, as well as different segments of public and private markets"); Eilís Ferran, *Regulating for Growth in an Era of Rising Economic Nationalism: UK and EU Perspectives* 14-19*,* UNIVERSITY OF CAMBRIDGE FACULTY OF LAW LEGAL STUDIES RESEARCH PAPER SERIES, No. 14/2025 (2025), https://papers.ssrn.com/abstract=5360053 (detailing that in the UK, "PISCES represents a bold, if experimental, regulatory departure that seeks to design the conditions for intermittent access to public markets from a private market starting point (private plus) rather than starting with public market standards and making them lighter (public minus)"); Matt Levine, *The New Market Is Public-Private*, Bloomberg (Apr. 29, 2025), https://www.bloomberg.com/opinion/newsletters/2025-04-29/the-new-market-is-public-private (analyzing the trend of "private markets are the new public markets" and citing factors such as the convergence of investor bases, partnerships between public and private asset managers, and the higher fees financial intermediaries can earn from private assets).

has intensified regulatory competition for the attraction of IPOs. Traditionally, regulatory competition has been interpreted through the dichotomy of a "race to the top" versus a "race to the bottom." Some authors have warned that the competitive drive to attract listings may result in a "race to the bottom," as jurisdictions relax governance standards, weaken disclosure requirements, or compromise investor protections to appeal to issuers.[75] By contrast, proponents of market-driven legal evolution argue that competition can be efficiency-enhancing, fostering innovation without undermining the integrity of markets.[76] From this perspective, jurisdictions are incentivized to attract corporate issuers by offering governance frameworks that are both flexible and operationally efficient. However, because the strength of investor protection significantly influences a firm's ability to obtain external financing and ultimately the development of capital markets, countries cannot sustainably compete by compromising on regulatory safeguards. In other words, capital market reforms seeking to attract listings by weakening investor protections may end up doing more harm than good for the development of capital markets.

Policy discussions on improving the regulatory environment for capital markets often frame the interests of issuers and investors as being in conflict. Nonetheless, reforms do not always lead to such trade-offs. Many regulatory interventions can simultaneously advance the interests of both sides. For example, measures that enhance investor confidence—through stronger disclosure, corporate governance, and enforcement—tend to lower the cost of capital and broaden the

---

[75] *See, e.g.*, William L. Cary, *Federalism and Corporate Law: Reflections upon Delaware*, 83 YALE L. J. 663, 705 (1974) (arguing that competition for corporate charters results in a "race to the bottom"); Stephen J. Choi, *Channeling Competition in the Global Securities Market Symposium: The Globalization of Corporate and Securities Law in the Twenty-First Century*, 16 TRANSNAT'L. LAW. 111, 111 (2002) (positing that when corporate managers are given regulatory choice, their self-interest may lead them to select weaker investor protections); John C. Jr. Coffee, *Law and Regulatory Competition: Can They Co-Exist*, 80 TEX. L. REV. 1729, 1729-1730 (2001) (arguing that the concern is particularly acute in firms with controlling shareholders, who may prioritize the maximization of private benefits of control over public share value, leading them to select legal regimes that facilitate such extraction); Howell E. Jackson & Eric J. Pan, *Regulatory Competition in International Securities Markets: Evidence from Europe in 1999 - Part I*, 56 BUS. LAW. 653, 653-655 (2000) (noting that critics predict issuer choice will force countries to "adopt more lenient regulations (a 'race to the bottom')").

[76] *See e.g.,* ROBERTA ROMANO, THE GENIUS OF AMERICAN CORPORATE LAW 14-31 (1993) (arguing that market forces compel managers to select high-quality legal regimes that protect investors, thereby lowering the firm's cost of capital); Choi, *supra* note 75, at 111-113 (explaining that at the time of a capital offering, issuers are incentivized to adopt effective investor protections to receive a higher price); John C. Jr. Coffee, *Racing towards the Top: The Impact of Cross-Listing and Stock Market Competition on International Corporate Governance*, 102 COLUM. L. REV. 1757, 1757-1762 (2002) (positing "bonding" hypothesis, where foreign issuers voluntarily subject themselves to the higher disclosure and enforcement standards of U.S. markets to achieve a higher valuation and lower their cost of capital.); Roberta Romano, *The Need for Competition in International Securities Regulation*, 2 THEORETICAL. INQUIRIES. L. (2001) (arguing that market-driven approach is seen as promoting superior regulatory outcomes through innovation and self-correction.).

investor base, indirectly benefiting issuers.[77] Conversely, issuer-oriented reforms that simplify listing requirements, encourage entrepreneurship, or support innovation can often create new investment opportunities and improve long-term returns for savers.[78]

Capital market reforms, therefore, are not inherently a zero-sum game. Policymakers should aim for measures that holistically address both the demand side (investors) and the supply side (issuers), acknowledging that regulatory changes can strengthen, weaken, or benefit both groups simultaneously. When feasible, countries should seek to adopt such Pareto-improving reforms.

3. Enhancing the International Competitiveness of Singapore's Capital Markets

3.1. The Singapore Capital Market Puzzle ("SCMP")

Singapore is widely recognized as one of the world's premier financial centers, with leading positions across asset management, banking, REITs, and fintech. According to the MAS, total assets under management (AUM) reached S$6.07 trillion (approximately US$4.5 trillion) as of 31 December 2024, up from S$5.4 trillion in 2023.[79] Approximately 77% of these assets are sourced from overseas investors, and close to 90% are invested outside Singapore, underscoring the city-state's central role as a gateway for global capital flows.[80] The asset management industry encompasses more than 1,200 licensed and registered fund managers, spanning traditional mandates in equities and fixed income, as well as alternative strategies such as private equity, venture capital, and real estate; private equity and venture capital together account for about

[77] *See e.g.,* Rafael La Porta et al., *Investor Protection and Corporate Valuation*, 57 J. FIN. 1147, 1147-1149 (2002) (finding that "better shareholder protection is empirically associated with higher valuation of corporate assets," thereby providing "support for the quantitative importance of the expropriation of minority shareholders in many countries, as well as for the role of the law in limiting such expropriation"); Utpal Bhattacharya & Hazem Daouk, *The World Price of Insider Trading*, 57 J. FIN. 75, 75-104 (2002) (showing that the enforcement of insider trading laws leads to a reduction in the cost of equity); Paul Gompers, Joy Ishii & Andrew Metrick, *Corporate Governance and Equity Prices*, 118 Q. J. ECON. 107 (2003) (finding that firms with stronger shareholder rights had higher valuations and earned abnormal returns of 8.5% per year during the 1990s compared to firms with weaker rights).

[78] *See e.g.,* Kathryn Judge, *Investor-Driven Financial Innovation*, 8 HARV. BUS. L. REV. 291, 291-293 (2018) (explaining that financial innovations, which can be spurred by legal and regulatory changes, enhance economic efficiency by creating new methods to link investor capital with productive enterprises).

[79] *See* Monetary Authority of Singapore, *Singapore Asset Management Survey 2024*, 2 (2025), https://www.mas.gov.sg/publications/singapore-asset-management-survey (reporting that Singapore's AUM increased to S$6.07 trillion by the end of 2024, from S$5.41 trillion at the end of 2023.).

[80] *Id.* at 2 (showing that 77% of AUM originates from outside Singapore and 88% is invested globally, and describing Singapore as "a key gateway for global asset managers and investors seeking access to Asia's growth opportunities").

S$700 billion of total AUM.[81] Complementing this, Singapore boasts a sophisticated bond and derivatives market and is home to the largest real estate investment trust (REIT) market in Asia after Japan.[82] The city-state has also emerged as a preeminent fintech hub in Asia, hosting over 1,000 fintech firms and ranking consistently among the world's top jurisdictions for digital payments, blockchain innovation, and regulatory sandboxes that support new financial technologies.[83]

Yet, despite its dominance in many areas of finance, Singapore's public equity market continues to underperform—a paradox that this article describes as the "Singapore Capital Market Puzzle." As of October 2024, only 617 companies were listed on SGX, the lowest level in two decades and far below its 2013 peak of 782.[84] Moreover, IPO activity remains muted. In 2024, SGX hosted only four IPOs, raising approximately US$31 million in aggregate.[85] This stands in stark contrast to global and regional peers. For instance, Hong Kong registered 64 POs raising more than US$10.7 billion.[86] India led worldwide with 327 IPOs and proceeds of US$19.9 billion.[87] Malaysia and Indonesia each attracted several dozen listings,[88] and China listed 98 companies and raised US$8.9 billion.[89]

---

[81] *Id.* at 3–4 (reporting 1,298 licensed fund management companies as of December 2024 and noting that assets under management for private equity and venture capital reached S$789 billion).

[82] *See e.g.,* International Monetary Fund Asia and Pacific Dept, *Singapore: Selected Issues*, 2025 IMF STAFF CTRY. REP. 9 (2025), https://www.elibrary.imf.org/view/journals/002/2025/193/article-A001-en.xml (finding Singapore's foreign exchange derivatives market was the third largest globally and had grown 45 percent since 2019, evidencing derivatives-market sophistication); Chek Yee Foo, *China Leads REIT Market Expansion in Asia While India's REIT Market Demonstrates Robust Growth*, CUSHMAN & WAKEFIELD (July 17, 2025), https://www.cushmanwakefield.com/en/singapore/news/2025/07/china-leads-reit-market-expansion-in-asia-while-indias-reit-market-demonstrates-robust-growth (presenting data showing that as of December 2024, Japan had the largest REIT market in Asia with a market value of $90.8 billion, followed by Singapore with a market value of $67.4 billion).

[83] *See e.g.,* OECD, *supra* note 9, 130-157 (noting Singapore's more recent creation of specialized "innovation facilitators" for artificial intelligence in finance, such as the GenAI Sandbox for SMEs and the Privacy Enhancing Technology (PET) Sandbox.).

[84] *See* Walker, *supra* note 13.

[85] *Id.*

[86] *See e.g.,* EY, *EY Global IPO Trends: How to Navigate Transformation on Your Path to IPO*, 29-44 (2024), https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/insights/ipo/documents/ey-gl-ipo-trends-v1-12-2024.pdf (reporting a total of 64 listings in 2024 that raised US$10.7 billion, which represented an 80% year-over-year increase in value despite a 6% decline in the number of deals.).

[87] *Id.* at 9-38 (noting that India's 327 IPOs in 2024, secured it the top global position by volume, nearly doubling the number of listings in the United States, and proceeds of US$19.9 billion.)

[88] *Id.* at 44 (noting that Malaysia recorded 49 IPOs raising US$1.7 billion, while Indonesia had 41 IPOs raising US$0.9 billion)

[89] *Id.*at 2-29 (reporting that mainland China listed 98 companies and raised US$8.9 billion in 2024, with the combined market capitalization was 8.9 billion)

Beyond listings, the Singapore equity market lags on key structural metrics, including trading volume, liquidity, and valuations. SGX's average daily trading volume of around US$1.1 billion languishes far behind Hong Kong's US $30 billion and Nasdaq's US $300 billion-plus.[90] This thinness translates into low valuations, which in turn discourages firms from considering Singapore as a viable public listing venue. Local investors, accustomed to REITs and dividend-heavy stocks, are less inclined to back early-stage or high-growth companies, and the lack of analyst coverage further compounds this perception.

This divergence between Singapore's commanding role in asset management, private markets, and fintech, and its persistently underperforming public equity markets, underscores the SCMP. Addressing this incongruity will require targeted reforms to invigorate listing activity, enhance market liquidity, and better mobilize domestic capital, ensuring that the public equity ecosystem aligns with Singapore's broader stature as a global financial leader.

The SCMP, particularly in the public equity segment, is in many ways a natural outcome of the city-state's relatively small domestic economy. This phenomenon is comparable to that observed in Luxembourg, another prominent global financial center with a robust asset management industry but a limited public equity market. By the end of 2024, Luxembourg had approximately €5.82 trillion (around US$6.82 trillion) in assets under management—comparable to Singapore's S$6.07 trillion (around US$4.72 trillion)—yet, like Singapore, it hosts relatively few public listings.[91] Moreover, the few high-growth companies originating from these jurisdictions tend to seek public listings on larger global exchanges, such as those in the United States, to access deeper pools of capital and greater liquidity.[92] The existence of such small number of IPOs,

---

[90] *See e.g.*, Aileen Chuang, *Can Singapore's Bourse Regain Its Allure, as More Companies Flock to Hong Kong for IPOs?*, SOUTH CHINA MORNING POST (June 30, 2025), https://www.scmp.com/business/banking-finance/article/3316249/can-singapore-regain-allure-more-citys-companies-flock-hong-kong-ipos (providing a direct comparison of market capitalization and daily trading volumes showing Hong Kong's significant lead over Singapore); Nasdaq, Inc., *Daily Market Summary*, https://www.nasdaqtrader.com/Trader.aspx?id=DailyMarketSummary (last visited Sept. 3, 2025) (showing Nasdaq's routine daily dollar volume far exceeds US$300 billion).

[91] *See e.g.*, Monetary Authority of Singapore, *supra* note 79; Walker, *supra* note 13; Commission de Surveillance du Secteur Financier, *CSSF Newsletter No 289*, 27 (Feb. 2025), https://www.cssf.lu/wp-content/uploads/newsletter289.pdf (showing Luxembourg's fund AUM at roughly €5.82 trillion at end-2024); United Nations Sustainable Stock Exchanges Initiative, *Luxembourg Stock Exchange*, https://sseinitiative.org/stock-exchange/luxse (last visited Sept. 3, 2025) (showing that the number of listed companies in Luxembourg is 120).

[92] *See e.g.*, Benjamin Liu, *More Singapore Companies Charmed by US Listing, but Post-IPO Trail Not a Pretty Sight*, THE BUSINESS TIMES (Aug. 11, 2025), https://www.businesstimes.com.sg/companies-markets/more-singapore-companies-charmed-us-listing-post-ipo-trail-not-pretty-sight (explaining that Singapore

however, should not be interpreted as a weakness but rather as a natural consequence of operating within small, highly open economies that excel as financial hubs but face inherent constraints in sustaining large-scale domestic equity markets.

Despite these structural limitations existing in Singapore, there remains significant scope to strengthen the international attractiveness of Singapore's equity capital markets. To that end, MAS and the SGX are actively exploring reforms aimed at encouraging listings, improving market liquidity, and fostering investor participation. [93] These initiatives, alongside the additional measures outlined in this article, seek to address the SCMP and better align Singapore's equity market with the status of the city-state as a global financial center.

3.2. Towards a Holistic Approach to Tackle the SCMP

3.2.1. The MAS/SGX Response: Strengths and Remaining Gaps

The Monetary Authority of Singapore and the Singapore Exchange have launched a coordinated and multi-dimensional program aimed at strengthening the attractiveness and resilience of Singapore's equity capital markets.[94] This effort starts from the correct premise that a desirable reform strategy must address both the supply side of the market (that is, companies seeking to raise capital) and the demand side (that is, investors providing that capital).[95]

On the demand side, MAS has rolled out measures to broaden investor participation, increase liquidity, and enhance confidence in the integrity and growth potential of the market.[96] Initiatives include deepening the investor base through targeted retail engagement, educational outreach, and digital trading platforms, alongside efforts to improve market infrastructure and transparency

---

companies are attracted to U.S. listings for "higher trading valuations, access to deep liquidity and positive reception towards high growth stocks").

[93] *See e.g., Monetary* Authority of Singapore, *supra* note 23 (discussing Singapore's effort to improve investment environment).

[94] *See* Equities Market Review Group of The Monetary Authority of Singapore, *Annex – Equities Market Review Group's First Set of Measuresto Strengthen the Competitiveness of Singapore's Equities Market*, 1-4 (Feb. 21, 2025), https://www.mas.gov.sg/-/media/mas/news/media-releases/2025/annex-a---first-set-of-measures-by-the-review-group.pdf (detailing the comprehensive reform package developed by a MAS-appointed group to address challenges in Singapore's public equity markets, with measures structured around the pillars of "supply, demand, and connectivity/trading, with supporting regulatory measures").

[95] *Id.*at 4-6 (stating that the "first set of measures encompasses demand initiatives to increase investor interest and deepen liquidity... paired with supply initiatives to facilitate the pipeline of quality listings", and further noting that previous supply-side efforts were insufficient to overcome "demand-side constraints such as low trading liquidity" and "declining investor participation," which created a "vicious cycle").

[96] *Id.* at 4-6 (organizing recommendations under key pillars, including "Increase Investor Interest" and "Strengthen Investor Confidence," which form the core of its demand-side strategy.)

in price discovery.[97] Greater institutional participation is being cultivated by encouraging longer-term capital commitments and expanding access to diverse equity products. Central to this strategy is the S$5 billion Equity Market Development Program (EQDP), subsequently expanded to S$6.5 billion,[98] under which MAS co-invests with selected fund managers demonstrating strong capabilities in Singapore-focused equity strategies.[99] By anchoring capital in actively managed funds, the EQDP is expected to improve trading liquidity, strengthen price discovery, and expand institutional and retail participation beyond benchmark-linked stocks.[100] The first cohort of EQDP asset managers was appointed in mid-2025, representing a major milestone in implementing this demand-side stimulus.[101] Complementary fiscal measures include tax incentive schemes for issuers and intermediaries, such as corporate income tax rebates of up to 20% for qualifying primary listings and concessionary tax rates for fund management companies that deploy significant capital into SGX-listed equities,[102] further incentivizing local participation.[103]

On the supply side, MAS and SGX are reducing structural barriers to listings and enhancing the appeal of Singapore as a listing venue.[104] Reforms include a shift towards a disclosure-based regulatory model, streamlining prospectus requirements to focus on material information most

---

[97] *Id.* at 7-22 (proposing to broaden research dissemination through new channels like social media to reach "younger, digitally native investors”, studying proposals to "improve efficiency of trading and post-trade custody”, and describing the EQDP's goal to "improve price discovery").
[98] *Id.* at 6 (showing the S$5 billion EQDP, which anchors capital in a "range of funds," is the primary mechanism designed to cultivate this institutional interest.) See Monetary Authority of Singapore, ‘MAS Announces Expansion of Equity Market Development Programme’ (2026), https://www.mas.gov.sg/news/media-releases/2026/mas-announces-expansion-of-equity-market-development-programme (announcing the expansion of the EQDP to S$6.5 billion).
[99] Supra note 95, at 6-7 (showing the EQDP is designed to provide "an initial investment into a range of funds managed by fund managers with strong investment track record and capabilities in Singapore.").
[100] *Id.* at 7 (stating that the EQDP's goals include to "deepen trading liquidity, improve price discovery... and broaden investor participation beyond index stocks.)
[101] *See e.g.,* Benjamin Lim & Sue-Ann Tan, *MAS’ Measures Spark Cautious Optimism for Singapore Stock Market Revival: Analysts*, STRAITS TIMES, (July 25, 2025), https://www.straitstimes.com/business/companies-markets/mas-measures-spark-cautious-optimism-for-singapore-stock-market-revival-analysts (describing the Monetary Authority of Singapore’s appointment of Avanda Investment Management, Fullerton Fund Management, and JP Morgan Asset Management to manage the initial $1.1 billion tranche of the Equity Market Development Program).
[102] *See* Equities Market Review Group of The Monetary Authority of Singapore, *supra* note 94, at 1-7 (detailing both demand-side tax incentives for fund managers investing in local equities and supply-side incentives, including a "20% CIT rebate").
[103] *Supra* note 97 (discussing some measures to deepen the investor base).
[104] *See* Equities Market Review Group of The Monetary Authority of Singapore, *supra* note 94, at 10-13 (outlining supply-side initiatives intended to "improv[e] the attractiveness of our markets to quality new listings" and regulatory reforms designed to create a more "pro-enterprise" and "facilitative" listing environment.).

relevant to investors, and eliminating burdensome merit-based assessments.[105] For example, profit forecasts will no longer require third-party attestations, with boards assuming direct responsibility for the reasonableness of their assumptions.[106] Interim financial statements will only be required when the most recent audited results are more than nine months old, providing issuers with a longer launch window in volatile market conditions.[107] Companies already listed overseas will be able to use their existing prospectuses with minimal adaptation in line with IOSCO cross-border standards.[108] Regulatory oversight is being consolidated under SGX Regulation (SGX RegCo), which will assume responsibility for both listing suitability and prospectus review, reducing discretion and enhancing procedural certainty for issuers.[109] Timelines for IPO review are expected to remain at six to eight weeks, with shorter and more predictable processing for compliant applicants.[110]

Post-listing oversight is also evolving.[111] MAS and SGX are recalibrating surveillance to a more targeted and proportionate approach, including proposals to retire the financial "Watch List" mechanism and streamline suspension criteria.[112] At the same time, equity research capacity is

---

105 *Id.* at 13-16 (describing the recommendations to "[c]onsolidate listing suitability and prospectus disclosures review," "[r]educe scope for merit-based judgment when admitting new listings," and "[s]treamline prospectus disclosure requirements to refocus on core requirements that are key to informed decision-making by investors").

106 *See* Monetary Authority of Singapore, *supra* note 23, at 6 (proposing that "the issuer's board... provide the necessary attestation, instead of a third-party" because "the onus should thus be on the issuer's board to ensure that the profit forecast is prepared in a manner that is consistent with the issuer's accounting policies and the assumptions underlying the profit forecast are reasonable").

107 *Id.* at 6 ("This change will allow issuers to better manage their IPO timing, as they will have a longer window to launch the IPO without having to prepare and include the interim financial statements (a process which usually takes several months). A longer launch window is especially important in times of high market volatility.").

108 *See* Equities Market Review Group of The Monetary Authority of Singapore, *supra* note 94, at 17 (explaining that for secondary listings, prospectus requirements will be simplified and aligned with IOSCO Standards, allowing issuers to "use the offer documents lodged in their home markets for their Singapore listing, with minimal adaptation").

109 *Id.* at 15 (proposing the consolidation of listing review functions under SGX RegCo to "provide prospective issuers with greater clarity on the listing process and timeline and reduces uncertainty").

110 *Id.* at 7 ("MAS and SGX RegCo will commit to complete the review process within 6 to 8 weeks under ordinary circumstances", and this timeline applies when, for instance, "the issuer provides complete submissions and addresses questions in a timely manner").

111 *Id.* at 19-21 (describing post-IPO changes as part of a broader effort to "strike a more proportionate balance in facilitating market discipline and achieving investor protection").

112 *Id.* at 19 (proposing to remove the financial "Watch-List" because issuers on it "often face difficulty in securing financing" and to limit trading suspensions to instances of "going concern" issues).

being expanded under the Grant for Equity Market Singapore (GEMS) scheme,[113] which now extends coverage to pre-IPO, mid-cap, and small-cap companies, with distribution channels broadened to include digital and social platforms.[114] Further upstream, MAS and other state-linked entities are anchoring high-growth companies in Singapore through vehicles such as the S$1 billion Private Credit Growth Fund and the Anchor Fund,[115] backed by Temasek and the Economic Development Board, which are designed to support scaling enterprises and ultimately channel them toward SGX listings.[116]

Taken together, these initiatives demonstrate a deliberate attempt to stimulate both sides of the equity market simultaneously: strengthening demand through capital injections, tax incentives, and a deeper investor base, while expanding supply through regulatory streamlining, enhanced research infrastructure, and enterprise financing support. If implemented effectively, these measures could improve Singapore's competitiveness as an equity listing hub, attract a more diverse pipeline of issuers, and foster a more vibrant secondary market, all while upholding high standards of investor protection and disclosure transparency.

Although the measures introduced by MAS and SGX are well-designed and expected to deliver a significant positive impact, there remains scope for additional action. This paper argues that further complementary reforms could build on these efforts, unlocking new opportunities to revitalize the domestic equity ecosystem and further strengthen Singapore's position as a leading global financial center.

3.2.2. Enhancing the protection of public investors

3.2.2.1. Introduction

By international standards, Singapore possesses a robust corporate governance framework, supported by strong legal institutions and credible enforcement mechanisms for corporate and securities laws.[117] These institutional strengths have played a central role in Singapore's rise as

---

[113] *Id.* at 9–10 (explaining that expanded research on pre-IPO firms "helps raise awareness . . . which better supports investor demand and valuations when such companies eventually IPO," and that new distribution channels can make research "more accessible to younger, digitally native investors").
[114] *Id.* at 9 ("The Review Group recommends an expansion of the GEMS research grant to include research coverage on pre-IPO companies and to sharpen focus on mid- and small cap enterprises").
[115] *Id.* at 3, 12 (describing the S$1.5 billion Anchor Fund @ 65 as a co-investment vehicle to "support promising high-growth enterprises to raise capital through public listings in Singapore").
[116] *Id.*
[117] A recent OECD report highlights several indicators of Singapore's strong governance environment. *See e.g.*, OECD, *supra* note 9, at 47-58 (ranking Singapore highest among all surveyed jurisdictions for the protection of

a leading financial center in Asia. Nonetheless, as in other jurisdictions, many of Singapore's corporate governance and takeover rules designed to protect investors are rooted in practices and institutions that originated primarily in the United Kingdom and the United States—such as the UK Corporate Governance Code, UK-style takeover regulation, and the existence and increasing role of independent directors—where companies typically do not have controlling shareholders.[118] Singapore, however, is characterized by a high prevalence of firms with controlling shareholders, including family-controlled companies, state-owned enterprises and corporate groups.[119] In companies with such concentrated ownership structures, corporate governance strategies primarily designed to address conflicts between managers and shareholders—the principal concern in most listed companies in the United Kingdom and the United States—are often ill-suited to deal with the more salient conflict between controlling shareholders and minority investors.[120] As a result, many transplanted 'international best practices' may fall short in effectively protecting minority shareholders and fostering ex ante confidence, ultimately hindering the development of capital markets.

The empirical literature has shown that the protection of public investors is a key factor in addressing some of the challenges associated with the SCMP—such as low valuations and limited liquidity—and ultimately contributes to the development of capital markets.[121] In firms with controlling shareholders, "public investors" essentially encompass all shareholders other than the controller. Therefore, while the controller's ability to shape and implement the corporate strategy should be respected, regulatory efforts aimed at strengthening investor protection must prioritize the safeguarding of minority shareholders. As a result, in the Singapore context, corporate

minority shareholders, placing it higher than the United States on the World Bank's rule of law index , and noting that its accounting standards are fully converged with IFRS, posing "negligible GAAP risk" for investors) .

[118] For Singapore's takeover regulation, *see infra* note 215. For Singapore's corporate governance rules and the influence of international practices from the United Kingdom and the United States, *see infra* note 146.

[119] A recent OECD report highlights ownership concentration in Singapore. *See e.g.,* OECD, *supra* note 9, at 34-50 (showing that in Singapore, the average ownership of the three largest shareholders is 59% and that state-owned enterprises account for over a third of the total market capitalization, with the top three SOEs alone comprising nearly one-third of the market's value).

[120] One of the strategies originally designed to address the managerial agency problems traditionally found in U.S. corporations was the introduction of independent directors. However, since independent directors are typically appointed by the shareholders' meeting—and thus, in practice, by controlling shareholders in the context of controlled firms—the presence of a controlling shareholder undermines their credibility in effectively policing corporate insiders. *See infra* note 144, 145, 146 and 154.

[121] See *supra* note 77; *infra* note 128. More recently, *see also* Kenneth Khoo & Roberto Tallarita, *The Price of Delaware Corporate Law Reform* (June 24, 2025), https://papers.ssrn.com/abstract=5318203 (finding that a corporate law reform that weakened public investors led to a statistically and economically significant decline in the value of Delaware companies).

governance practices and investor protection tools should be tailored to a local environment characterized by the presence of controlling shareholders. The following sections explain how this goal can be achieved while also proposing other measures—such as the adoption of class actions and certain changes to the derivative action—that seek to provide further protection to minority shareholders. By adopting these measures, companies listed on the SGX will be better positioned to attract capital from foreign institutional investors—entities that, by definition, are typically minority shareholders. This is particularly important given Singapore's potential to further expand its institutional investor base.[122]

3.2.2.2. Class actions: A needed boost

Class actions, long entrenched in the world's leading financial center—the United States—serve as a powerful mechanism to bolster investor confidence, thereby stimulating trading activity, enhancing market liquidity, and supporting the broader development of capital markets.[123] In Singapore, provisions that would allow investors to participate in collective redress, either by riding on a court action or a civil penalty proceeding to seek compensation, have recently been raised and remain under consultation.[124] Nevertheless, their implementation appears crucial, not only for the theoretical benefits they offer—particularly in deterring market misconduct and enhancing investor protection—but also in light of the demonstrably positive outcomes observed in jurisdictions that have adopted class actions.

For instance, in a study examining the introduction of private rights of action (PRA) in securities litigation in the United Kingdom, it was shown that the reform was associated with enhanced market liquidity value, consistently with the hypothesis that such rights increase investor

---

[122] *See* OECD, *supra* note 9, at 53-54 (showing the relatively low presence of institutional investors in many Asian markets, including Singapore).

[123] *See e.g.,* Tommaso Oliviero, Min Park & Hong Zou, *Liquidity Effects of Litigation Risk: Evidence from a Legal Shock*, 67 J. L. ECON. 103, 103-107 (2024) (finding that the phased-in introduction of securities class actions in Korea led to a significant increase in both stock market liquidity and firm valuation, consistent with the view that such mechanisms enhance investor confidence and reduce the risk premium demanded by minority investors). *See also* Restrepo, *infra* note 125.

[124] Monetary Authority of Singapore, *MAS Appoints First Batch of EQDP Asset Managers; Commits S$50 Million to Boost Equity Research and Product Listings; and Outlines Proposals to Enhance Investor Recourse*, (July 21, 2025), https://www.mas.gov.sg/news/media-releases/2025/mas-appoints-first-batch-of-eqdp-asset-managers (announcing that MAS will consult on proposals to "enhance existing legal provisions that enable investors to ride on a court action or civil penalty to seek compensation" and to facilitate representative actions). For an analysis of the reasons underlying the lack of private enforcement in Singapore, see Hans Tjio, *Securities and Financial Services Regulation Section 27*, 2021 SINGAP. ACAD. L. ANNU. REV. SINGAP. CASES 798, 798 (2021) (highlighting that "in Singapore... private enforcement is perhaps hampered by the lack of class actions procedures and the restricted use of conditional fee arrangements and third-party litigation finding") .

confidence.[125] By granting shareholders the ability to pursue collective claims, class action frameworks increase the expected costs of misstatements and deceptive disclosures, thereby strengthening the credibility of corporate governance systems.[126] At the same time, class actions address the collective action problem, enabling small or dispersed investors to participate in enforcement efforts without bearing prohibitive individual litigation costs.[127]

Such findings have been corroborated by other studies showing that private enforcement mechanisms correlate strongly with deeper and more liquid capital markets.[128] Namely, it has been highlighted that the interplay of mandatory disclosure requirements and private rights to sue leads to increased stock market capitalization, higher trading volumes, and a greater number of IPOs, whereas systems relying solely on public enforcement are often less effective.[129]

Therefore, well-designed class action regimes confer multiple benefits: they empower investors to hold firms accountable, deter corporate malfeasance, enhance compensation recovery following wrongdoing, and strengthen overall confidence in the integrity of markets.[130] Collectively, these outcomes support capital market growth and liquidity. Consequently, while MAS has only recently and cautiously indicated that such a measure may be under consideration, the adoption of class actions should be regarded as an indispensable tool for addressing the SCMP. To maximize their effectiveness, legislative provisions must be complemented by the creation of a supportive legal and market environment. This may require additional efforts and legal reforms, including the liberalization of lawyers' fees, permitting contingency fee arrangements for securities lawyers—a practice currently restricted in Singapore—and ongoing support to strengthen the

---

[125] *See* Fernán Restrepo, *The Capital Market Effects of Introducing Private Rights of Action in Securities Regulation: Evidence from the United Kingdom*, 66 J. L. ECON. 183 (2023).
[126] *Id.* at 183-190 (explaining the dual function of PRAs as deterring corporate insiders from violating the law ex ante and compensating investors ex post, thereby potentially enhancing investor confidence).
[127] *Id.* at 183-188 (analyzing the introduction and expansion of "collective actions" for securities law violations in the United Kingdom and describing U.S. Rule 23's opt-out structure and commonality requirements).
[128] *See* Rafael La Porta, Florencio Lopez-De-Silanes & Andrei Shleifer, *What Works in Securities Laws?*, 61 J. FIN 1 (2006) (showing that laws mandating disclosure and facilitating private enforcement through liability rules benefit stock markets).
[129] This conclusion is empirically grounded in cross-country analyses of securities regulation. *See Id,* at 17-19 (presenting regression results showing that both disclosure requirements and liability standards are strong predictors of higher stock market capitalization, more IPOs, and greater liquidity). *See* also Simeon Djankov et al., *The Law and Economics of Self-Dealing*, 88 J. FIN. ECON. 430, 430-448 (2008) (demonstrating that an "anti-self-dealing" index, which measures private controls like disclosure and approval procedures, is a significant predictor of market capitalization and IPO activity).
[130] *See e.g.,* La Porta, Lopez-De-Silanes, and Shleifer, *supra* note 128, at 1-4 (finding strong evidence that private-enforcement-oriented disclosure and liability rules are associated with deeper securities markets, consistent with greater investor confidence).

third-party litigation funding industry.[131] At the same time, efforts to facilitate class actions should be balanced with safeguards designed to deter opportunistic or frivolous litigation.[132]

3.2.2.3. Revitalizing the derivative action

In jurisdictions such as Singapore, where most listed companies are characterized by the presence of controlling shareholders, minority investors may reasonably be concerned that controllers could engage in transactions that serve their own interests at the expense of minority shareholders.[133] Therefore, adopting tools that can effectively protect minority shareholders is key. One of those tools existing in Singapore is the derivative action governed by Section 216A of the Companies Act, which allows a shareholder (with the court's leave) to bring an action on behalf of the company against wrongdoers—typically directors or controlling shareholders—when the company itself fails or refuses to act.[134] While this statutory mechanism exists, its practical

[131] *See* Singapore Ministry of Law, *Third-Party Funding to Be Permitted for More Categories of Legal Proceedings in Singapore*, (June 21, 2021), https://www.mlaw.gov.sg/news/press-releases/2021-06-21-third-party-funding-framework-permitted-for-more-categories-of-legal-preceedings-in-singapore/

[132] Achieving this balance is key in the design of class actions. For mechanisms to achieving that, *see* e.g., John C. Coffee Jr., *Reforming the Securities Class Action: On Deterrence and Its Implementation*, 106 COLUM. L. REV. 1534, 1570 (2006) (arguing that the existing settlement structure "may invite frivolous, or at least, low merit, litigation" and proposing reforms such as exempting non-trading corporations from Rule 10b-5 liability to focus litigation on culpable individuals and altering attorney fee awards to incentivize meaningful recoveries over collusive settlements); Holger Spamann, *Indirect Investor Protection: The Investment Ecosystem and Its Legal Underpinnings*, 14 J. LEGAL ANALYSIS 17, 43 (2022) (describing how courts have "cracked down on disclosure-only settlements," a practice often associated with frivolous or low-merit shareholder litigation); Yu-Hsin Lin, *Modeling Securities Class Actions outside the United States: The Role of Nonprofits in the Case of Taiwan*, 4 N.Y.U. J.L. & BUS. 143, 143, 179 (2007) (proposing Taiwan's use of a nonprofit organization as a mechanism to prevent frivolous litigation, arguing its "non-distribution constraint" removes the profit-driven incentives that plague the U.S. lawyer-entrepreneurial model and makes the organization "more cautious in selecting their cases").

[133] The existence of controlling shareholders is the most common norm around the world. Therefore, addressing the opportunistic deviation of value to the controller at the expense of minority investors, in a practice often refers to a "tunneling", should be priority. For the concept and difference practices of tunnelling, *see* Simon Johnson et al., *Tunneling*, 90 AM. ECON. REV. 22 (2000); Vladimir Atanasov, Bernard Black & Conrad S. Ciccotello, *Law and Tunneling*, 37 J. CORP. L. 1 (2011).

[134] Since a reform adopted in 2014, a statutory derivative action can be brought against companies listed on a security exchange in Singapore and Singapore-incorporated companies that list on a securities market in Singapore or overseas. *See* Singapore Accounting and Corporate Regulatory Authority, *Companies (Amendment) Act 2014 - Sections Coming into Force on 1 Jul 2015*, 11 (2015), https://www.acra.gov.sg/docs/default-source/default-document-library/legislation/companies-act-reform/companies-(amendment)-act-2014/commencementnotificationexpanded(final).pdf.

usage remains limited,[135] as also happens in other jurisdictions.[136] Several scholars have observed that minority shareholder litigation in Singapore (and more broadly in Asia) is rare, and derivative actions are underutilized.[137] This is often attributed to cultural, legal, and economic barriers, including high litigation costs, fear of reprisals, lack of contingency fees, and judicial caution in granting leave to sue.[138]

Therefore, a potential mechanism to foster investor confidence and contribute to the development of capital markets may consist of revitalizing the derivative action.[139] One key recommendation to achieve this is to streamline the leave requirement by shifting the court's focus at the preliminary stage away from the substantive merits of the claim—which outside shareholders are poorly positioned to prove early on—and towards an assessment of the board's conflicts of interest.[140] A second major area for reform is the allocation of litigation costs. The preliminary leave procedure should serve as a cutoff point, after which the financial risk shifts to the company; once a court grants leave, the corporation should presumptively indemnify the plaintiff for all reasonable costs,

---

[135] *See e.g.,* Samantha S. Tang, *The Anatomy of Singapore's Statutory Derivative Action: Why Do Shareholders Sue – or Not?*, 20 J. CORP. L. STUD. 327, 327-347 (2020) (presenting empirical data showing an average of only 0.88 leave applications per year in Singapore between 1993 and 2018 and noting that such actions are an "infrequent sight across the Commonwealth").

[136] *See e.g.,* Martin Gelter, *Why do Shareholder Derivative Suits Remain Rare in Continental Europe? 37 BROOK. J. INT'L L. (2012)*; Andrew Keay, *Assessing and Rethinking the Statutory Scheme for Derivative Actions under the Companies Act 2006*, 16 J. CORP. LAW STUD. 39 (2016).

[137] *See e.g.,* Tang, *supra* note 135, at 328 (finding that derivative action litigation rates are "generally low" in Singapore); Meng Seng Wee & Dan W. Puchniak, *Derivative Actions in Singapore: Mundanely Non-Asian, Intriguingly Non-American and at the Forefront of the Commonwealth*, *in* THE DERIVATIVE ACTION IN ASIA: A COMPARATIVE AND FUNCTIONAL APPROACH 323, 323-324 (Dan W. Puchniak, Harald Baum, & Michael Ewing-Chow eds., 2012) (arguing that a recent rise in shareholder litigation challenges the "tired trope of the reluctant Asian litigant", but "[t]here has not been a single reported derivative action brought against a director of a public listed company in Singapore").

[138] *See e.g.,* Tang, *supra* note 135, at 347-352 (explaining the disincentivizing effects of the "loser pays" costs rule, the prohibition on contingency fees, the threat of retaliatory defamation suits by companies, and the judiciary's cautious approach to granting leave).

[139] *See e.g.,* Pearlie Koh, *The Statutory Derivative Action in Singapore - A Critical and Comparative Examination*, 13 BOND L. REV. [i] (2001) (explaining that the statutory derivative action was introduced in several common law jurisdictions precisely to enhance corporate governance and maintain investor confidence, which are prerequisites for robust capital markets); Martin Gelter, *Preliminary Procedures in Shareholder Derivative Litigation: A Beneficial Legal Transplant?*, 19 EUR. CO. FIN. L. REV. 3 (2022) (highlighting that "vigorous enforcement of fiduciary duties should increase investors' confidence and reduce agency cost").

[140] Gelter, *supra* note 136, at 4-27 (arguing that a key flaw in many statutory regimes is that they require shareholders "to provide evidence . . . that the suit is likely to prevail . . . given that outside shareholders are typically not well-positioned to support the substance of a claim . . . at an early stage," and advocating instead that "the emphasis of the preliminary procedure should be conflicts of interests of boards", and describing the merits-based inquiry in Germany, Singapore, and the U.K. and the conflict-of-interest-based inquiry in Delaware).

regardless of the final outcome.[141] Further proposals include empowering courts to order that any financial recovery be paid directly to shareholders rather than the company,[142] and clarifying to require that all claims that are essentially derivative in nature must be brought under the section 216A leave procedure.[143]

3.2.2.4. Rethinking independent directors

Independent directors are expected to play a pivotal role in corporate governance and capital markets.[144] Their primary function is to provide external oversight and to approve critical corporate decisions where conflicts of interest may arise, particularly those involving corporate insiders.[145]

---

[141] *See e.g.,* Koh, *supra* note 139, at 91 (proposing that "once the court grants leave . . . it should be mandatory for the company to pay the costs of the proceedings" and citing the New Zealand statutory model as an exemplar); Gelter, *supra* note 139, at 4-26 (arguing that preliminary procedures should "serve as the cutoff point for the risk of having to bear litigation cost" and that, to be effective, the law should establish that "plaintiffs will not have to bear their expenses at this stage").

[142] *See e.g.,* Koh, *supra* note 139, at 92-93 (arguing that Singapore's law could be improved by expressly empowering courts to order that recovery be made directly to shareholders and citing the New Zealand Companies Act as a model for preventing funds from being returned to a company still under the control of wrongdoers).

[143] Because the oppression remedy offers a direct, personal remedy and has fewer procedural hurdles, shareholders have an incentive to frame what are essentially corporate wrongs as personal claims of oppression, thereby bypassing the judicial screening inherent in the statutory leave procedure. *See e.g.,* Wee and Puchniak, *supra* note 137, at 324-348 (discussing the issue of whether the oppression remedy may be used to "outflank the rule in *Foss*"); Koh, *supra* note 139, at 87-89 (arguing that this overlap risks the "evisceration" of the statutory derivative action and that the law should be clarified to require that all claims that are "essentially derivative in character" must proceed via the leave requirement).

[144] *See e.g.*, Umakanth Varottil, *Evolution and Effectiveness of Independent Directors in Indian Corporate Governance*, 6 UC L. BUS. J. 281, 281-283 (2010) (observing that board independence "has taken on such a pivotal status in corporate governance that it has become almost indispensable"); Lucian Bebchuk & Assaf Hamdani, *Independent Directors and Controlling Shareholders*, 165 U. PA. L. REV. 1271, 1271-1274 (2017) ("Independent directors are an important feature of modern corporate law. Courts and lawmakers around the world increasingly rely on these directors to protect investors from controlling shareholder opportunism."); Harald Baum, *The Rise of the Independent Director in the West: Understanding the Origins of Asia's Legal Transplants*, *in* INDEPENDENT DIRECTORS IN ASIA: A HISTORICAL, CONTEXTUAL AND COMPARATIVE APPROACH 21, 21-23 (Dan W. Puchniak, Harald Baum, & Luke Nottage eds., 2017) (describing independent directors as "global players" and noting that in the U.S., "the faith in independent directors . . . appears to have achieved an almost cult-like status as a magic cure for a variety of corporate governance ills"); Aurelio Gurrea-Martínez, *Towards a Credible System of Independent Directors in Controlled Firms*, 35 AUSTL. J. CORP. L. 31 (2020) (noting the global trend of requiring or recommending independent directors "as a means of protecting outside investors" and ultimately fostering investor confidence and the development of capital markets); Giovanni Strampelli, *How to Enhance Directors' Independence at Controlled Companies*, 44 J. CORP. L. 103, 103-105 (2018) (observing that directors' independence is a "key element within issuer corporate governance, and is widely acknowledged by corporate governance rules and principles"); Yaron Nili, *The Fallacy of Director Independence Essays*, WIS. L. REV. 491, 491-492 (2020) (describing director independence as a "key cornerstone of the contemporary corporate governance landscape").

[145] *See e.g.,* Ronald J. Gilson & Reinier Kraakman, *Reinventing the Outside Director: An Agenda for Institutional Investors*, 43 STAN. L. REV. 863, 863-873 (1991) (describing the conventional wisdom that "independent outside

Therefore, as gatekeepers, they help build investor confidence by ensuring that executives—especially in firms with dispersed ownership—and controlling shareholders—in firms with concentrated ownership structures—do not benefit themselves at the expense of public investors.[146] This assurance lowers the risk premium investors may demand, thereby facilitating firms' access to finance and the development of capital markets.

Given this critical role that, at least in theory, independent directors play, it is not surprising that many jurisdictions around the world—and Singapore is no exception—have introduced measures to strengthen board independence.[147] These efforts typically include raising the proportion of independent directors, broadening their responsibilities, and refining the definition of "independence" to exclude individuals with familial, employment, or significant economic ties to

---

directors" are the answer to "who should monitor management"); Ran Duchin, John G. Matsusaka & Oguzhan Ozbas, *When Are Outside Directors Effective?*, 96 J. FIN. ECON. 195 (2010) (noting that because independent directors are not beholden to management, "they are believed to be willing to stand up to the Chief Executive Officer (CEO) to protect shareholder interests"); Ronald W. Masulis & Shawn Mobbs, *Independent Director Incentives: Where Do Talented Directors Spend Their Limited Time and Energy?*, 111 J. FIN. ECON. 406, 406 (2014) ("Our focus is on independent directors because they are best able to monitor and discipline management"); Guido Ferrarini & Marilena Filippelli, *Independent Directors and Controlling Shareholders Around the World*, ECGI LAW WORKING PAPER Law N° 258/2014 (2014) (describing how the UK's Cadbury Report tasked independent directors with "the monitoring of corporate management and the review of self-interested transactions" and noting that a key role for independents is the "vetting of related-party transactions and other conflicts of interest situations"); Maria Passador, *List Voting's Travels: The Importance of Being Independent in the Boardroom*, 24 FORDHAM J. CORP. FIN. L. 105, 106-110 (2019) (explaining that the U.S. concept of independence from management "is not necessarily applicable elsewhere" and that in many other economies, directors are designed to be independent from both management and "significant shareholders", noting that the widespread acceptance that "controlling shareholders affect the appointment of independent directors," which inherently qualifies their supposed independence).

[146] *See e.g.,* Baum, *supra* note 144, at 21-25 (noting that the definition of independence depends on whether the goal is protecting shareholders from management or protecting minority shareholders from a controller); Dan W. Puchniak & Kon Sik Kim, *Varieties of Independent Directors in Asia: A Taxonomy*, *in* INDEPENDENT DIRECTORS IN ASIA: A HISTORICAL, CONTEXTUAL AND COMPARATIVE APPROACH 89, 89-97 (Dan W. Puchniak, Harald Baum, & Luke Nottage eds., 2017) (contrasting the U.S. model, where directors monitor managers on behalf of dispersed shareholders, with the model in most of Asia, where they are expected to monitor controlling shareholders on behalf of minority investors). *See* also Gurrea-Martínez, *supra* note 144, at 31-33 (highlighting that, from an ex ante perspective, independent directors can provide confidence to outside investors; and ex post, they can reduce opportunistic behaviors by insiders).

[147] *See e.g.,* Baum, *supra* note 144, at 89-92 (noting that independent directors, once "virtually non-existent in Asia," are now "ubiquitous throughout Asia" and highlighting Singapore's high compliance rate with independent director provisions); Puchniak and Kim, *supra* note 146, at 21-22 (describing how the concept of the independent director, originating in the U.S. and U.K., was transplanted to Asia and became a "fundamental corporate governance principle" in the European Union).

the company or its insiders.[148] Such reforms aim to ensure that only "truly" independent individuals serve on boards, thus bolstering the effectiveness and credibility of governance structures.[149]

However, despite these formal safeguards, a fundamental structural problem often ignored by regulators and policymakers is the influence that corporate insiders may have over independent directors.[150] In firms with dispersed ownership, the CEO typically plays a key role in the nomination of corporate directors.[151] In the types of controlled firms prevailing in Singapore, however, such influence is exercised by the controlling shareholder. Indeed, given that independent directors—like all directors—are appointed and removed by the shareholders' meeting, the presence of controlling shareholders can give rise to a paradox: those whom independent directors are meant to oversee are often the actors responsible for their appointment.[152] As a result, even directors who meet the formal criteria for independence may find their actual independence compromised.[153] And even if independent directors ultimately act independently in the best interest of the corporation and not in the controlling shareholders, the *risk* that they may favor the controllers can be priced by minority shareholders, increasing the cost of equity and hampering firms' access to finance and the development of capital markets.[154]

---

[148] *See e.g.,* Puchniak and Kim, *supra* note 146, at 89, 103-107 (noting that after initially rejecting a proposal to require independence from significant shareholders in 2005, Singapore amended its code in 2015 to include this requirement, and that it has used a "comply or explain" regime to increase the number of independent directors on boards).

[149] *Id.* at 103-112 (identifying that signaling "good corporate governance" to international investors as a key motivation behind Singapore's adoption and reform of its independent director regime.).

[150] See e.g., Baum, *supra* note 144, at 34 (describing the mid-twentieth century U.S. corporate governance model as managerialist, where boards were passive and their members were typically selected by and beholden to the CEO); Lauren Yu-Hsin Lin, *Overseeing Controlling Shareholders: Do Independent Directors Constrain Tunneling in Taiwan?*, 12 SAN DIEGO INT. L. J. 363, 407-414 (2010) (describing the practical limitations faced by independent directors in corporate governance systems dominated by controlling shareholders and noting that one independent director interviewed for the author's study mentioned that "independent directors invited by the controlling shareholders, including myself, cannot really do what they want. You'll find that they (the controlling shareholders) only want you to be the rubber stamp").

[151] Baum*, supra* note 144, at 34.

[152] This concern has been widely recognized in the academic literature. *See, e.g.,* Varottil, *supra* note 144; Ferrarini and Filippelli, *supra* note 145; Bebchuk and Hamdani, *supra* note 144; Strampelli, *supra* note 144; Gurrea-Martínez, *supra* note 144; Lin, *supra* note 150; Royhan Akbar, Nathaniel Mangunsong & Dan W. Puchniak, *The Abolition of Independent Directors in Indonesia: Rationally Autochthonous or Foolishly Idiosyncratic?* AM. J. COMP. L. (Forthcoming, 2025).

[153] *Id.*

[154] Gurrea-Martínez, *supra* note 144, at 31-33 (explaining that "regardless of whether such a situation of opportunism ultimately exists or not, there will be a reasonable lack of confidence that may harm firms' access to finance and the development of capital markets," because if investors perceive a lack of credibility, "they will… invest… at a higher cost").

Favoring controllers at the expense of the corporation (and therefore minority shareholders) is a breach of fiduciary duty and may expose directors to legal liability in most (if not all) jurisdictions. Nonetheless, several factors reduce the deterrence effects of such liability. First, rational apathy and collective action problems, especially in markets dominated by passive retail and institutional investors, reduce the likelihood of litigation.[155] Second, in many jurisdictions, shareholder litigation is rare due to the absence of class actions and the ineffectiveness of derivative actions.[156] Third, weaknesses in the judiciary system—such as delays, limited expertise or even corruption—may weaken legal enforcement, particularly in emerging and developing economies.[157] Fourth, the lack of a robust ecosystem of activist investors, research analysts, proxy advisors, and other market intermediaries means that misconduct may go undetected or unchallenged. Therefore, the absence of market-based oversight undermines the informal mechanisms that support transparency, liquidity, and the development of capital markets.[158]

As a result, public investors may reasonably be reluctant to believe in the independence of independent directors and their ability to effectively monitor controlling shareholders. Therefore, even in jurisdictions like Singapore, where there is a strong judicial system that can increase the deterrence effects of liability rules and reforms are underway to promote shareholder engagement and litigation, more can be done to strengthen public investor confidence in a market dominated by controlled firms.

One potential reform could involve changing the process by which independent directors are appointed and removed.[159] For example, Singapore might consider adopting a system that requires a double vote for the appointment and removal of independent directors.[160] Under this model, approval would be needed both from the general shareholders' meeting and from a

---

[155] *See e.g.,* Lisa M. Fairfax, *From Apathy to Activism: The Emergence, Impact, and Future of Shareholder Activism as the New Corporate Governance Norm Symposium: Institutional Investor Activism in the 21st Century: Responses to a Changing Landscape*, 99 B. U. L. REV. 1301, 1301-1304 (2019) (noting the long-standing view that public company shareholders are "rationally apathetic" due to dispersion and information constraints), and explaining how dispersion and information costs historically rendered shareholder passivity "rational," which undermines incentives for investor-initiated enforcement).
[156] Keay, *supra* note 136.
[157] Aurelio Gurrea-Martínez, REINVENTING INSOLVENCY LAW IN EMERGING ECONOMIES (CUP, 2024) 25, 41.
[158] *See, e.g*, Ross Levine, *Stock Markets: A Spur to Economic Growth*, 33 FIN. & DEV. 7 (1996) (supporting the importance of promoting liquidity for the development of capital markets).
[159] Bebchuk and Hamdani, *supra* note 144; Gurrea-Martínez, *supra* note 144.
[160] Such a system exists in the UK in the context of controlled firms. *See* Financial Conduct Authority, *UKLR 6.2 Requirements with Continuing Application - FCA Handbook*, 6.2.27R(1)–(2), 6.2.6R (effective July 29, 2024), https://www.handbook.fca.org.uk/handbook/UKLR/6/2.html?date=2024-08-12#D33.

majority of the minority ("MOM").[161] In controlled companies, this would mean that the proposed candidate must receive support from both the controlling shareholder and the majority of minority shareholders. A similar mechanism is in place in the United Kingdom for controlled firms, has been suggested in the academic literature,[162] and has been adopted or considered in several jurisdictions, such as Ecuador and India.[163]

This system strikes a good balance between the interests of controlling and minority shareholders. Since both groups need to approve the candidate, controllers would have strong incentives to propose individuals who are genuinely independent and broadly respected. If, however, minority shareholders were to block the appointment without clear justification, Singapore could explore fallback mechanisms to avoid deadlock. One possibility would be to allow a second-round vote where the candidate may be approved solely by the general meeting (i.e., including the controller's vote), albeit only after a waiting period.[164] This procedural delay would incentivize controllers to propose candidates who can secure broader support while still allowing them to proceed if minority resistance appears opportunistic. Alternatively, Singapore could adopt a more flexible and yet more balance approach that would not favor controllers in the second round: if a MOM vote fails in the first round, the candidate could still be confirmed in a second-round vote at the same shareholders' meeting with the support of a *minority* of the minority (e.g., 10–20% of minority shareholders).[165] This would help to prevent blockages caused by powerful minority investors while still ensuring that independent directors receive a minimum threshold of support from the minority.

---

[161] In the UK, the regulations refer to "independent shareholders," defined as those who are not controllers. *Id*.
[162] Bebchuk and Hamdani, *supra* note 144; Gurrea-Martínez, *supra* note 144.
[163] This system was implemented in Ecuador. *See* Aurelio Gurrea-Martínez, Paúl Noboa-Velasco & Esteban Ortiz-Mena, *Modernizing Corporate Law in Latin America: Lessons from Ecuador,* OXFORD BUSINESS LAW BLOG (Jan. 27, 2021), https://blogs.law.ox.ac.uk/business-law-blog/blog/2021/01/modernizing-corporate-law-latin-america-lessons-ecuador. Suggesting this proposal for Ecuador, see Aurelio Gurrea-Martínez et al., Propuesta para la mejora y modernización de la legislación societaria en Ecuador, IBERO-AMERICAN INSTITUTE FOR LAW AND FINANCE, WORKING PAPER SERIES 2/2019, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3383861. In India, the adoption of a similar regime for the appointment of independent directors was also debated. *See* Securities and Exchange Board of India, *Consultation Paper on Review of Regulatory Provisions Related to Independent Directors*, (Mar. 1, 2021), https://www.sebi.gov.in/reports-and-statistics/reports/mar-2021/consultation-paper-on-review-of-regulatory-provisions-related-to-independent-directors_49336.html.
[164] This is the approach adopted in the United Kingdom. *See* Financial Conduct Authority, *supra* note 160.
[165] Gurrea-Martínez, *supra* note 144, at 31, 46-47.

If Singapore wishes to go further, either for all listed companies or at least for those with a controlling shareholder, it could also consider requiring that at least one independent director be appointed directly by minority shareholders, replicating the model of minority-appointed directors existing in Italy.[166] If directors are meant to be truly independent, the identity of the appointing shareholder should not, in theory, matter. Yet, allowing direct minority participation in these appointments would likely enhance both the perceived and actual independence of the board,[167] while also fostering investor confidence. Additionally, such a regime may generate further benefits, such as enriching the decision-making process in the boardroom by introducing diverse perspectives and facilitating potentially valuable dissenting opinions.[168] Finally, it should be kept in mind that, unlike what is observed in other jurisdictions (particularly the United States), independent directors only represent a small fraction of the board in Singapore companies.[169] Therefore, even if controlling shareholders were prevented from appointing one or even all the independent directors, they would still be able to appoint the majority of the board members.

The combination of independent directors appointed through a double-vote system and those directly appointed by minority shareholders can be particularly justified in countries with high risks of tunneling and weak enforcement mechanisms to police related party transactions, as typically happens in emerging markets. Indeed, in many emerging markets, the judiciary suffers from

---

[166] In Italy, minority shareholders are allowed to appoint a board member, or even two independent directors if the board has more than seven members. For an analysis of the Italian system of appointment of independent directors, *see* Corrado Malberti and Emiliano Sironi, *The Mandatory Representation of Minority Shareholders on the Board of Directors of Italian Listed Corporations: An Empirical Analysis*, RESEARCH PAPER NO 18, BOCCONI UNIVERSITY (2007), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=965398. See also Strampelli, *supra* note 144; Passador, *supra* note 145; Bebchuk and Hamdani, *supra* note 144; Gurrea-Martínez, *supra* note 144.

[167] Strampelli, *supra* note 144.

[168] *See e.g.,* Gurrea-Martínez, *supra* note 144 at 33, 50 ("Moreover, the existence of outsiders may also enrich the decision-making process in the boardroom by bringing new perspectives and potentially valuable dissenting opinions"); Marleen A. O'Connor, *The Enron Board: The Perils of Groupthink*, 71 U. CIN. L. REV. 1233, 1237-1238 (2002) (arguing that boardroom homogeneity can foster "groupthink," a dynamic in which the pressure for consensus overrides the realistic appraisal of alternatives.); Piergaetano Marchetti, Gianfranco Siciliano & Marco Ventoruzzo, *Dissenting Directors*, 18 EUR. BUS. ORG. L. REV. 659, 659-660 (2017) (describing director dissent as a "valuable, indeed vital, attribute of good corporate governance" and noting that rules promoting board diversity operate on the "underlying assumption... that a diverse board promotes good governance by facilitating debate, discussion, and even dissent, rather than conformism and acquiescence"); Mariassunta Giannetti & Mengxin Zhao, *Board Ancestral Diversity and Firm-Performance Volatility*, 54 J. FIN. QUANTITAITIVE. ANALYSIS. 1117, 1117-1118 (2019) (finding that firms with ancestrally diverse boards "have more numerous and more cited patents" and "enact strategies that differ more from those of the industry peers", suggesting that diverse viewpoints foster experimentation and creativity).

[169] *See e.g.,* Jeffrey N. Gordon, *The Rise of Independent Directors in the United States, 1950-2005: Of Shareholder Value and Stock Market Prices*, 59 STAN. L. REV. 1465, 1475 (2007) (finding that independent directors constituted approximately 75% of board seats by 2005 at large U.S. public companies).

certain weaknesses, including delays and lack of expertise, and even corruption.[170] In those scenarios, ex post enforcement mechanisms do not sufficiently deter opportunistic behavior ex ante. Therefore, it might not generate investor confidence. As a result, in those systems, stronger ex ante strategies, such as enhanced board independence through minority-appointed directors, can be more effective.[171]

Singapore, however, does not face those institutional challenges. The judiciary is highly efficient and effective, and enforcement mechanisms are robust. Moreover, if the other reforms suggested in this article are adopted, minority shareholders would enjoy additional protections. Thus, requiring controllers to accept directors they oppose could prove counterproductive and may even deter firms from going public, thereby potentially reducing IPO activity. Hence, if Singapore were to adopt a system of minority-appointed independent directors, it should be done on a voluntary basis. To reward these companies for providing additional protection to minority shareholders, the decisions made by such minority-appointed directors could be insulated from judicial review, unless there is evidence of procedural irregularities or violations of the law.[172] This would create incentives for controlling shareholders to voluntarily empower minority investors, in exchange for reduced litigation risk.

In short, the proposed double-voting system—featuring a second round, if necessary, in which a candidate may be ratified by a minority of the minority—for the appointment and removal of independent directors would strike an appropriate balance in the Singapore context. First, it offers a reasonable compromise between controlling and minority shareholders. Second, it reduces the risk of deadlock or opportunistic obstruction by minority shareholders.[173] Third, it avoids concentrating excessive power in the hands of either: (i) controlling shareholders, as arguably occurs in the second round of the UK model; or (ii) minority investors, as is the case under the Italian system of minority-appointed directors. If the former risk (excessive power of controllers)

---

[170] *See* Gurrea-Martínez, *supra* note 157.

[171] Gurrea-Martínez, *supra* note 144.

[172] See Alessio M. Pacces, *Procedural and Substantive Review of Related Party Transactions: The Case for Noncontrolling Shareholder-Dependent Directors*, *in* THE LAW AND FINANCE OF RELATED PARTY TRANSACTIONS 181, 181-211 (Luca Enriques & Tobias H. Tröger eds., 2019) (showing that under this model, a decision made by noncontrolling shareholder-dependent directors would be considered "final and courts would only review due process," not the substantive merits of the transaction. This procedural deference is intended to avoid the "hindsight bias" and judicial incompetence in assessing business rationales that plague substantive fairness reviews, thereby reducing the risk of over-deterring value-increasing transactions).

[173] Gurrea-Martínez, *supra* note 144, at 46-51.

materializes, capital markets may suffer from the demand side: public investors could become less willing to buy shares or may demand a premium as a way to compensate for the higher risk of tunneling. If the latter scenario (excessive power of minority shareholders) arises, capital markets could suffer from the supply side: founders and controlling shareholders may become reluctant to take their companies public if they risk losing control.

That said, if a Singapore company wants to go further in empowering minority shareholders, they should be free to opt into a system where some or even all independent directors were appointed by minority investors. In those cases, corporate decisions made exclusively by such minority-appointed directors should enjoy a heightened level of procedural legitimacy beyond the standard deference granted under the business judgment rule in Singapore.[174] This would reward controllers who voluntarily grant stronger governance rights to minority shareholders by offering them a higher degree of protection from ex post judicial review.

3.2.2.5. Revisiting the regulatory framework of auditors

Auditors, like independent directors, are meant to play a crucial role in corporate governance. By verifying financial statements and mitigating the risk of corporate misconduct, auditors help build trust among public investors. Thus, they can ultimately facilitate firms' access to finance and the development of capital markets.[175]

However, as evidenced by numerous corporate scandals, auditors often fail to perform these critical functions effectively.[176] Such failures often stem not only from lapses in technical competence but also from conflicts of interest. Many jurisdictions, including Singapore, have sought to address these conflicts through regulatory measures—for example, prohibiting auditors from providing certain non-audit services and imposing mandatory rotation requirements.[177] Yet

---

[174] For an analysis of the business judgment rule in Singapore, see Yaru Chia, *The Business of Judging Directors's Business Judgment in Singapore Courts*, 28 SAcLJ 428.

[175] Martin Gelter & Aurelio Gurrea-Martínez, *Addressing the Auditor Independence Puzzle: Regulatory Models and Proposal for Reform*, 53 VAND. J. TRANSNAT'L. L. 787, 787-790 (2020) (highlighting that "ex ante, auditors facilitate firms' access to finance by fostering trust among public investors..." and "ex post, auditors can prevent misbehavior and prevent financial fraud by corporate insiders").

[176] *Id.* at 78-789 (noting that "many major jurisdictions have seen accounting scandals involving fraudulent conduct by management that auditors did not discover" and citing the canonical examples of Enron, WorldCom, and Parmalat).

[177] *See* Institute of Singapore Chartered Accountants, *Implementation Guidance EP 100 IG 5*, 13 (2022) (describing the introduction of prohibitions against non-audit services that create self-review threats for auditors of public interest entities.); Institute of Singapore Chartered Accountants, *Implementation Guidance*

despite these efforts, one fundamental structural issue—which, as noted above, also exists in the context of independent directors—remains insufficiently addressed: the process by which auditors are appointed, remunerated, and removed. Given that corporate insiders, particularly controlling shareholders, typically control these mechanisms, reforms are necessary to alter how auditors are selected and dismissed to ensure genuine independence. [178]

To address this challenge, Singapore may consider various tentative proposals to strengthen the independence of auditors. First, given the prevalence of controlled firms in Singapore, and the fact that auditors are supposed to serve public investors, they should be appointed by a majority-of-the-minority (MoM).[179] This approach limits the controlling shareholder's unilateral influence over auditor selection and enhances the legitimacy and perceived independence of the audit function.[180] Second, extending temporal restrictions on the rehiring of audit firms by former clients and narrowing the scope of permissible non-audit services would further reduce economic dependencies and self-review risks. [181] Third, to reinforce institutional autonomy, enhanced transparency and governance within audit firms themselves is essential, including publicly available transparency reports and oversight structures designed to diminish undue pressure from major audit clients. [182] Finally, given concerns regarding audit committees composed predominantly of board insiders, increasing the representation and influence of public investors on audit committees would help counteract insider capture and improve monitoring effectiveness.[183]

3.2.3. Towards a more flexible regime for dual-class shares

EP 100 IG 2 (Revised 2025), (2025) (detailing the mandatory rotation requirements for key audit partners. For example, engagement partners for public interest entities are generally subject to a seven-year cumulative time-on period followed by a five-year consecutive cooling-off period, while partners for SGX-listed companies face a stricter five-year time-on limit.).

[178] Gelter and Gurrea-Martínez, *supra* note 175 (arguing that reforms empowering shareholders generally fail in the common context of controlled firms, where the controller effectively selects the auditor.).

[179] *Id*. at 816-817 (arguing that because controlling shareholders do not need auditors for monitoring in the same way minority investors do, the appointment process should exclude them to ensure the auditor serves as a genuine agent for public investors).

[180] *Id*. at 816-817.

[181] *Id*. at 809-811.

[182] *Id*. at 820-821, 825-826 (proposing enhancing the detail required in audit firm transparency reports, particularly concerning partner compensation metrics and the identification of engagement partners for each public client, to allow investors to "better judge the value of an audit report").

[183] *Id*. at 819-820.

The adoption of DCS structures may offer several potential benefits, not only for founders but also for investors, as preserving a founder's idiosyncratic vision can enhance firm value.[184] For regulators, DCS can also serve as a strategic tool to encourage companies to go public, given that a key reason for remaining private has traditionally been the fear of losing control.[185] Nevertheless, DCS structures also carry well-documented risks, such as managerial entrenchment, heightened agency costs, and moral hazard.[186] Given the persistent controversy surrounding DCS, jurisdictions around the world have adopted different regulatory approaches that, nonetheless, can be broadly categorized into three groups: (i) the permissive approach, that allows companies to go public with DCS with minimal restrictions; (ii) the imposition of bans, where DCS are completely prohibited; and (iii) the restricted approach, that allows companies to go public with DCS subject to certain conditions.[187]

Singapore historically adopted the second approach, prohibiting DCS altogether.[188] However, in 2018, in an effort to attract high-growth companies seeking to list locally—particularly following Alibaba's decision to list in the United States rather than Hong Kong, which in turn prompted Hong Kong to relax its own rules—Singapore introduced a framework allowing DCS listings on the Mainboard.[189] Rather than embracing the type of permissive model existing in the United States, Singapore chose an intermediate approach, permitting DCS subject to various restrictions that, apart from various conditions commonly existing in other financial centers, include a "suitability assessment" where the SGX determines, based on a variety of factors, whether a company is suitable to go public with DCS. Meanwhile, for companies seeking to list on the Catalist—Singapore's trading venue for smaller and high-growth companies—the prohibition on DCS was retained.

---

[184] *See e.g.,* Zohar Goshen & Assaf Hamdani, *Corporate Control and Idiosyncratic Vision*, 125 YALE L. J. 560, 565-577 (2015) (defining "idiosyncratic vision" as an entrepreneur's belief that her strategy will produce above-market returns and arguing that control is valued to protect this vision from midstream investor doubt).
[185] See, e.g., James C. Brau and Stanley E. Fawcett, *Evidence from What CFOs Think about the IPO Process: Practice, Theory, and Managerial Implications*, 18 J. APPL. CORP. FINANCE 107 (2006) (showing, after a survey conducted to CFOs, that the design to maintain control is the most cited reason to stay private).
[186] *See e.g.,* Lucian Arye Bebchuk, Reinier Kraakman & George G. Triantis, *Stock Pyramids, Cross-Ownership, and Dual Class Equity: The Mechanisms and Agency Costs of Separating Control from Cash-Flow Rights*, *in* CONCENTRATED CORPORATE OWNERSHIP 295 (Randall K. Morck ed., 2007); Lucian A. Bebchuk & Kobi Kastiel, *The Untenable Case for Perpetual Dual-Class Stock*, 103 VA. L. REV. 585, 602-603 (2017).
[187] Gurrea-Martínez, *supra* note 25, at 475-497.
[188] *See* Pey-Woan Lee, *Dual-Class Shares in Singapore - Where Ideology Meets Pragmatism*, BERKELEY BUS. L. J. 440, 440-459 (2019) (explaining that the principle of one-share-one-vote was firmly entrenched in Singapore).
[189] *See e.g.,* Gurrea-Martínez, *supra* note 25, at 489-493.

At the time of adoption, the decision to implement a restricted regime for the Mainboard and maintain a prohibition for Catalist reflected a cautious yet defensible regulatory stance. Nevertheless, Singapore's institutional characteristics mitigate many of the traditional concerns associated with DCS.[190] Specifically, the country's relatively low levels of private benefits of control, combined with a robust legal and regulatory framework, suggest that risks such as abuse of control may be more manageable—particularly if any move toward a more permissive regime, akin to that of the United States, is accompanied by enhanced mechanisms for the protection of public investors, such as those discussed in Section 3.2.1.

A more attractive regulatory framework would entail removing existing restrictions,[191] including the limitation of voting rights per share, restrictions in the use of the shares, and particularly the "suitability assessment" required by the SGX for Mainboard listings seeking to adopt DCS. This latter discretionary mechanism generates regulatory uncertainty, hinders market predictability, and may deter innovative or founder-led companies from listing in Singapore, thereby undermining its competitiveness as a financial center.[192]

If the broader set of proposed reforms aimed at enhancing minority shareholder protection are implemented, the need for overregulating DCS would diminish. Accordingly, liberalizing the current Mainboard regime could represent a significant reform to incentivize founders to list their companies in Singapore—particularly in light of the fact that other leading Asian financial centers maintain restrictions on dual-class share structures—or, at minimum, to remove a structural barrier to domestic listings. If any restrictions on DCS are retained in the Mainboard, they should be narrowly tailored. For example, it can be proscribed that the additional voting powers granted cannot be used for the purpose of blocking a hostile takeover, and such those additional voting rights would disappear if the DCS are transferred. Additionally, a system of enhanced disclosure should be adopted so investors clearly know, or at least they have the ability to easily know, that they are investing in a company with DCS.[193]

---

[190] *Id*. at 503-505 (placing Singapore in the top tier of jurisdictions with strong investor protections, sophisticated regulators and courts, and low private benefits of control, where DCS is "not very risky").

[191] *See e.g.,* Min Yan, *The Myth of Dual Class Shares: Lessons from Asia's Financial Centres*, 21 J. CORP. L. STUD. 397, 397-420 (2021) (noting that the "extremely low take-up of dual class shares" in Singapore and Hong Kong "at least partly reflects the reduced attraction of such share structures when mandatory safeguards are stringent").

[192] *See* Gurrea-Martínez, *supra* note 25, at 475-495 (arguing that the suitability assessment "can even create uncertainty" and is not "needed for a relatively sophisticated trading venue such as the SGX Mainboard").

[193] *See* Committee on Capital Markets Regulation, *The Rise of Dual Class Shares: Regulation and Implications*, 29-31 (2020), https://capmktsreg.org/wp-content/uploads/2022/11/The-Rise-of-Dual-Class-Shares-

With respect to the Catalist board, the current outright ban on DCS may also warrant reconsideration.[194] Many companies listed on the Catalist are early-stage startups, often led by founders whose vision, expertise, and long-term commitment may justify the use of DCS structures to protect long-term value creation. Allowing DCS on the Catalist—subject to appropriate safeguards—could encourage greater participation by growth-oriented firms in the public markets.

It is true that the Catalist has lower liquidity and investor sophistication compared to the Mainboard, and that startups inherently face a higher risk of failure.[195] As a result, one could argue that DCS structures may pose greater risks in this market segment.[196] However, to mitigate the higher information asymmetry in such listings, Singapore—like other jurisdictions—requires the involvement of "sponsors," who serve as additional gatekeepers.[197] This regulatory feature provides an extra layer of protection for public investors. Additionally, it should be noted that DCS are more economically justified in the context of startups with disruptive founders and business models.[198] Therefore, there are no plausible reasons for banning DCSs on the Catalist, especially if the protections of minority shareholders suggested in this article are adopted. In fact, they should also be allowed without any restrictions apart from those mentioned in the context of the Catalist, that is, enhanced disclosure requirements and the automatic conversion upon the transfer of the shares with multiple voting rights.

The reform of the regulatory framework of DCS in such a manner, along with the reforms that have been proposed to strengthen investor protection, would lead to the type of Pareto improvements that should be ideally pursued in capital market reforms. On the one hand, it would enhance Singapore's attractiveness to founder-led and innovative companies. On the other hand, it would maintain—and even improve—the level of protection of minority shareholders. Therefore,

---

04.08.20-1-1.pdf (showing that Proponents of this approach argue that where robust investor protection regimes already exist, enhanced disclosure is a more efficient substitute for direct regulation of voting structures.).

194 Gurrea-Martínez, *supra* note 25, at 496; Lin Lin, *Venture Capital in Singapore: The Way Forward | Oxford Law Blogs*, OXFORD BUS. L. BLOG (Sept. 19, 2018), https://blogs.law.ox.ac.uk/business-law-blog/blog/2018/09/venture-capital-singapore-way-forward (suggesting that "extending the DCS structure to the Catalist board would allow a wider range of exit options for VC-backed companies").

195 Gurrea-Martínez, *supra* note 25, at 496.

196 *Id.* at 496 (identifying the "lower sophistication and liquidity" of the Catalist as potential justifications for prohibiting DCS, implying these factors heighten the associated risks).

197 *Id.* at 496.

198 *Id.* at 495-496.

rather than trading off founder control against investor safeguards, such a balanced approach could achieve both goals simultaneously.

3.3.3. Tax benefits of equity

To promote healthier corporate financing structures and support the development of capital markets, another reform that Singapore should consider is addressing the tax-induced bias in favor of debt over equity.[199] Traditionally, most tax systems permit the deductibility of interest payments on debt but do not afford equivalent treatment to equity financing.[200] This asymmetry creates a structural incentive for firms to rely excessively on debt, potentially increasing financial fragility and reducing incentives to use equity as a source of finance.[201]

The OECD has underscored this issue in its work on capital market development in Europe, noting that levelling the tax treatment between debt and equity could encourage firms to rely more on equity financing, thereby improving resilience and aligning incentives with broader economic stability and growth objectives.[202] As a response, they have recommended equity-friendly tax reforms, such as the introduction of an Allowance for Corporate Equity (ACE).[203]

In countries where firms have been allowed a tax deduction for new equity capital, such reforms have been associated with higher equity capitalization and lower debt ratios.[204] Therefore, tax reforms that neutralize the bias against equity—by offering explicit benefits or equal treatment—represent a promising and underutilized avenue for enhancing corporate resilience and supporting the emergence of dynamic, equity-based capital markets.[205] At the same time, it can

[199] *See e.g.,* OECD, *supra* note 18, at 13 (explaining that many tax systems favor debt because interest payments are tax-deductible while equity financing receives no equivalent benefit, and recommending the introduction of an allowance for corporate equity to remove this bias).
[200] *Id.* at 13, 22 (stating that the tax-deductibility of interest payments, without an equivalent benefit for equity, creates a debt bias that is "common across many countries around the world").
[201] *Id.* at 13.
[202] *Id.* at 13.
[203] *Id.* at 13, 22-23 (recommending the introduction of an "allowance for corporate equity" based on the EU's Debt-Equity Bias Reduction Allowance (DEBRA) proposal as a means of removing the tax bias that favors debt).
[204] See, e.g., Frédéric Panier, Francisco Pérez-González, & Pablo Villanueva, *Capital Structure and Taxes: What Happens When You (Also) Subsidize Equity?*, (2015) (unpublished manuscript), https://www.bis.org/events/confresearchnetwork1603/perez_gonzalez.pdf.
[205] *See e.g.,* Aurelio Gurrea-Martínez & Nydia Remolina, *The Dark Side of Implementing Basel Capital Requirements: Theory, Evidence, and Policy*, 22 J. INT'L. ECON. L. 125, 150-151 (2019) (suggesting eliminating the tax benefits of debts and allowing for the deduction of an implied interest on equity as a mechanism to incentivize banks to have higher capital requirements and ultimately contribute to the stability of the financial system).

create other benefits such as promoting more capitalized firms and, given that banks would also be more willing to prefer equity over debt, even strengthen the stability of the financial system.[206]

3.3.4. Listing costs and requirements

A comparative review of listing costs and requirements imposed by the SGX relative to other stock exchanges, particularly within the ASEAN region, reveals several areas where reforms could enhance SGX's competitiveness. For example, compared to other ASEAN countries, such as Indonesia, Malaysia, Vietnam, Thailand and the Philippines, Singapore imposes the highest minimum capital requirements for companies seeking to list on the main equity market – that is, in the Mainboard.[207] While such stringent criteria may be appropriate for countries with well-developed equity markets such as Hong Kong, the United Kingdom and the United States, there is a compelling argument for Singapore to consider lowering its threshold to better support a growing and dynamic market.[208]

Public float requirements also illustrate Singapore's relatively stringent conditions to go public.[209] For instance, the SGX requires a minimum public float of 25% for Mainboard listings,[210] which is closely with Malaysia's standards but exceeds those existing in Indonesia (10-20%) and Vietnam (10-15%).[211] The fees associated with listing in Singapore also represent another potential area for reform given that Singapore's listing and annual fees rank among the highest in ASEAN. When it comes to the cost of listing in the main equity markets (SGX's Mainboard in Singapore), the total initial fees and the annual listing fees in Singapore are 0.06% and 0.008% of market capitalization, respectively, which are significantly higher than those charged in other ASEAN markets, such as Indonesia (0.01% and 0.003%) and Malaysia (0.01% and 0.001%).[212] Similarly, in the equity market dedicated to growth companies (SGX's Catalist Board in Singapore), the total initial fees

---

[206] *Id.* at 150-151.

[207] OECD, *supra* note 2, at 31 (comparing key listing requirements for main equity markets in several ASEAN countries and showing Singapore's minimum capital requirement at USD 111 million, followed by Malaysia at USD 110 million, with other regional peers having significantly lower thresholds).

[208] OECD, *supra* note 9, at 63 (recommending that Asian policymakers use "[t]ailored regulatory frameworks, featuring proportional and flexible requirements" to "ease access for companies with strong growth potential but limited collateral and/or financial history").

[209] OECD, *supra* note 2, at 31 (providing a comparative overview of listing requirements, including public float and profitability prerequisites, for main equity markets in the Philippines, Indonesia, Malaysia, Singapore, Thailand and Vietnam).

[210] *Id.* at 31.

[211] *Id.*

[212] *Id.* at 31-32 (showing a comparative breakdown of listing costs across ASEAN main equity markets, based on a standardized USD 150 million market capitalization IPO.).

and the annual listing fees in Singapore are 0.24% and 0.11% of market capitalization, respectively, which are also significantly higher than those fees charged in Indonesia (0.11% and 0.05%) and Malaysia (0.12% and 0.02%), as well as in other countries from the ASEAN region such as Thailand (0.03% and 0.02%) and the Philippines (0.10% and 0.01%).[213] Although Singapore provides various grants and subsidies to alleviate listing fees, a direct and transparent reduction of the fee structure charged by the SGX would likely represent a more effective measure to enhance the attractiveness of Singapore's equity capital markets.

Trading costs further accentuate Singapore's challenges in maintaining competitiveness. For example, in terms of stock exchange fees, Singapore charges 0.0075% over trading volume, which is significantly higher than other countries in ASEAN, including the Philippines (0.005%), Malaysia (0.0025%) and Thailand (0.005%).[214] These higher costs can hamper trading volumes and therefore liquidity in the SGX. Therefore, given that liquidity is critical for valuations and firms deciding where to go public, such elevated trading costs may also indirectly deter listings and the promotion of a more vibrant equity capital market in Singapore.

3.3.5. Takeover regulation

3.3.5.1. The undesirable influence of the UK Takeover Code in Singapore

The regulatory framework governing takeovers in Singapore virtually replicates the UK model, which was originally designed for a market that, among other features, was dominated by companies with dispersed ownership structures.[215] As it will be examined, such regulatory framework for takeovers, and particularly the non-frustration rule and mandatory takeover bids, do not effectively protect minority shareholders in countries with controlling shareholders such as Singapore. Therefore, they need to be revisited.

3.3.5.2. Revisiting the Non-Frustration Rule

The non-frustration rule, a cornerstone of the regulatory framework for takeovers in Singapore, mandates that company boards must not take any action that could frustrate a bona fide takeover

---

[213] *Id.* at 31-32 (showing a comparison of listing costs on growth markets for a standardized USD 10 million market capitalization IPO.)

[214] *Id.* at 43.

[215] *See e.g.,* Wai Yee Wan, *Legal Transplantation of UK-Style Takeover Regulation in Singapore*, *in* COMPARATIVE TAKEOVER REGULATION: GLOBAL AND ASIAN PERSPECTIVES 406, 406-409 (Umakanth Varottil & Wai Yee Wan eds., CUP, 2017) (explaining that Singapore's takeover code is "based on the United Kingdom (UK) City Code" and noting that "[t]he UK approach clearly favours institutional investors in companies with significantly dispersed shareholdings," which makes its adoption in Singapore, where ownership is "largely concentrated," a "puzzle").

bid without shareholder approval.[216] This rule aims to protect minority shareholders and ensure that managers do not entrench themselves at the expense of shareholders.[217] However, in companies dominated by controlling shareholders, as generally happens in Singapore, the practical effect of the rule is significantly diluted. Since controlling shareholders typically hold the majority of voting rights, they can readily approve board actions that frustrate a takeover, effectively rendering the non-frustration rule toothless in such contexts.

To address this structural disparity, the non-frustration rule existing in Singapore should be revisited. Namely, instead of requiring shareholder approval, any board action intended to frustrate a takeover should be approved by a majority of minority shareholders. This shift acknowledges the reality of control concentration while enhancing protections for minority investors.[218] Moreover, if such MOM approval is required, Singapore could even consider adopting some anti-takeover mechanisms which are not currently allowed, such as poison pills and staggered boards, if these measures were also authorized by minority shareholders.[219] This approach balances managerial autonomy and minority shareholder rights, recognizing that in

---

[216] *See* THE SINGAPORE CODE ON TAKE-OVERS AND MERGERS General Principle 7 (Sec. Indus. Council, Sing., 2019) ("If the board of an offeree company has received a bona fide offer or has reason to believe that a bona fide offer is imminent, it must not, without the approval of its shareholders in general meeting, take any action . . . that could effectively result in any bona fide offer being frustrated . . . ."); *id.* r. 5 (codifying the non-frustration principle and listing prohibited actions, such as issuing new shares or disposing of material assets, without shareholder approval).

[217] *See generally* Frank H. Easterbrook & Daniel R. Fischel, *The Proper Role of a Target's Management in Responding to a Tender Offer*, 94 HARV. L. REV. 1161 (1981) (presenting the foundational law-and-economics argument that managers' self-interest in preserving their "salaries and status" leads them to resist value-maximizing offers, thereby decreasing shareholder welfare and necessitating a rule of managerial passivity to prevent such entrenchment); Luca Enriques, Ronald J. Gilson & Alessio M. Pacces, *The Case for an Unbiased Takeover Law (with an Application to the European Union)*, 4 HARV. BUS. L. REV. 85, 115-118 (2014).

[218] *See e.g.,* Aurelio Gurrea-Martínez, *New Agency Problems, New Legal Rules: Rethinking Takeover Regulation in the US and Europe*, IBERO-AMERICAN INSTITUTE FOR LAW AND FINANCE, WORKING PAPER 3/2019, 23 (arguing that because a controlling shareholder may "opportunistically change the rule to favor itself," the decision to abolish the non-frustration rule "should be in the hands of minority investors" and "approved by a majority of minority investors").

[219] *Id* at 23. Some of these anti-takeover devices can also be found in other Asian countries. For example, in Japan, *see generally* Ronald J. Gilson, *The Poison Pill in Japan: The Missing Infrastructure*, 2004 COLUM. BUS. L. REV. 21, 24 (2004); Alan K. Koh, Masafumi Nakahigashi & Dan W. Puchniak, *Land of the Falling "Poison Pill": Understanding Defensive Measures in Japan on Their Own Terms*, 41 U. PA. J. INT'L L. 687, 690, 717–719 (2020) (explaining that the Japanese "pill," known as a Pre-Warning Rights Plan, is a non-binding statement of intent contingent on shareholder approval, not a board-controlled legal instrument like the U.S. version, and documenting its sharp decline in adoption); Curtis J. Milhaupt & Zenichi Shishido, *The Enduring Relevance of the Poison Pill: A U.S.-Japan Comparative Analysis*, 28 STAN. J.L. BUS. & FIN. 336, 338–343 (2023) (describing Japan as the pill's "adopted home" and explaining how the *Nippon Broadcasting* case and the 2005 Takeover Guidelines together "introduce[d] the poison pill into Japan").

certain circumstances, minority shareholders may prefer defensive measures to protect long-term value.

3.3.5.3. Reassessing the Mandatory Takeover Bid Rule

Another key feature of the regulatory framework for takeovers in Singapore is the mandatory takeover bid rule, which obliges any bidder acquiring a threshold of at least 30% of the target company's voting rights to extend an offer to purchase all remaining shares at an equitable price.[220] This mechanism is intended to ensure that minority shareholders are afforded a fair exit opportunity and that the control premium is distributed equitably among all investors.[221] While conceptually appealing, the mandatory bid requirement substantially elevates the cost of acquiring control, thereby deterring hostile takeovers and potentially dampening the market for corporate control.[222]

A voluntary takeover system, as practiced in the United States, where acquirers are not obligated to make offers to all shareholders, can often be more appropriate.[223] In Singapore, where corporate ownership is predominantly concentrated in the hands of controlling shareholders, a voluntary regime may not significantly affect managerial incentives ex ante, as the threat of managerial replacement without the controller's consent is generally not credible.[224] Ex post, however, a voluntary regime may reduce the costs of acquiring a company, thereby facilitating changes of control that can benefit shareholders and contribute to capital market development by allowing new controllers to implement a superior business plan.[225]

Accordingly, the mandatory takeover bid rule warrants reconsideration. A more flexible framework may consist of maintaining the rule as a default mechanism but allow for deviation if a majority of

---

[220] Wan, *supra* note 215, at 406-416.
[221] Gurrea-Martínez, *supra* note 218, at 21.
[222] *See e.g., id* at 23; Luca Enriques, *The Mandatory Bid Rule in the Takeover Directive: Harmonization without Foundation?*, 1 EUR. CO. & FIN. L. REV. 440, 441, 449 (2004) (arguing that the mandatory bid rule makes takeovers "more costly", "inevitably reduces the number of value-increasing control acquisitions" , and results in a "less efficient market for corporate control"). See *also* Yongjoon Lee, Bushik Kim and Woochan Kim, *Does Mandatory Bid Rule Discourage Acquisitions above the Threshold?* ECGI FINANCE WORKING PAPER N° 1000/2024 (2024) (challenging the prevailing belief that the mandatory bid rule increases acquisition costs and hinders takeovers).
[223] *See e.g.,* Gurrea-Martínez, *supra* note 218, at 20.
[224] *See e.g., id*. at 15 (arguing that in firms with controlling shareholders, controllers "have incentives to closely monitor the managers," which reduces agency costs between managers and shareholders).
[225] *See e.g., id*. at 23; Enriques, *supra* note 223, at 441-443 (arguing that mandatory bid rules make takeovers "more costly" and "inevitably reduce[] the number of value-increasing control acquisitions," leading to "a less efficient market for corporate control").

the minority consents to opt out.[226] This approach would preserve minority protections in markets where minority shareholders often consist of retail or relatively passive institutional investors (as happens in Singapore) while enabling more efficient changes of control if those the rule is supposed to protect decide to opt out.[227] In jurisdictions with more active and sophisticated investor bases, however, an opt-in structure for mandatory takeover bids could be more justified.[228]

3.3.5.4. Conclusion

In sum, the UK takeover regulatory model—designed primarily for countries dominated by companies with dispersed ownership structures—cannot be directly transplanted into jurisdictions dominated by controlling shareholders, such as Singapore. To foster a more dynamic market for corporate control that can provide further protections to minority shareholders while contributing to the development of the local capital markets, Singapore should consider revising certain aspects of its regulatory framework for takeovers. In particular, attention should be given to recalibrating the non-frustration rule and the mandatory bid rule to better reflect the realities of concentrated ownership and promote a more efficient framework for control transactions.

3.3.6. Other potential measures

3.3.6.1. Pension reforms

Pension reforms have emerged as a critical lever in fostering the development of deep, liquid, and efficient capital markets. A salient example is Sweden's pension framework, which exemplifies how public pension funds can serve as foundational pillars for the development of capital markets, apart from fulfilling other socially desirable functions.[229]

Sweden's multi-pillar pension system includes the AP Funds—large, professionally managed public buffer funds—that invest substantially in domestic equities and fixed income securities.[230] Collectively managing hundreds of billions of euros, these funds provide a reliable and long-term

[226] *Id*. at 25.
[227] *Id*. at 23.
[228] *Id*. at 18 (noting that institutional investors "played a major role in UK capital markets" and "influenced the way takeover rules were written").
[229] OECD, *The Swedish Equity Market: Institutional Framework and Trends* 12, 14 (2025), https://doi.org/10.1787/0640a75c-en (describing the Swedish model, the OECD notes that a "substantial domestic institutional investor base," primarily a large asset-backed pension system, is a key area that has "played a key role" in the development of its dynamic equity markets).
[230] *Id*. at 11.

source of capital, supporting market liquidity and enabling firms to access sustained financing.[231] Such funds contribute not only to pension sustainability but also to the diversification of the investor base, enhancing market efficiency and resilience. Moreover, Sweden's system benefits from strong governance structures, transparency, and clear mandates that align pension fund objectives with broader economic development goals.[232]

In contrast, Singapore's pension system, anchored by the Central Provident Fund (CPF), is characterized by individual accounts primarily invested in Special Singapore Government Securities, with global asset management undertaken by sovereign wealth funds such as the Government of Singapore Investment Corporation.[233] While this approach ensures prudence and global diversification, it results in relatively limited direct exposure of pension assets to domestic capital markets.[234] Consequently, the potential catalytic effect of pension funds in deepening Singapore's local capital markets is comparatively muted.[235]

Drawing on the Swedish experience, Singapore could consider augmenting its pension framework by introducing large, professionally managed public pension funds with mandates to allocate a meaningful portion of assets domestically.[236] Such funds could complement the CPF by providing stable, long-term institutional investment, thereby enhancing market depth, liquidity, and corporate financing. This hybrid approach would preserve Singapore's existing fiscal strengths while leveraging pension capital more effectively to support the growth and resilience of its domestic financial ecosystem. Ultimately, pension reforms aligning retirement system objectives with capital market development not only secure retirees' incomes but also catalyze broader economic benefits.[237]

---

[231] *Id*. at 46-47.
[232] *Id*. at 49.
[233] *See e.g.,* OECD, *Pensions at a Glance Asia/Pacific 2024*, 77 (2024), https://doi.org/10.1787/d4146d12-en (describing the Central Provident Fund (CPF) as a defined contribution scheme covering nearly all resident workers).
[234] *See* GIC, *2024/25 Report: Report on the Management of the Government's Portfolio*, 6, 61 (2025) (showing that CPF Board invests members' savings primarily in non-marketable Special Singapore Government Securities (SSGS), and the proceeds from these sales are pooled with other government funds to form the Government's Portfolio, which is managed by GIC. "GIC diversifies across asset classes, geographies, sectors, and time." "As a rule, GIC invests outside Singapore.").
[235] OECD, *supra* note 233. at 61.
[236] *Id*. at 45.
[237] *Id*. at 12 (concluding that Sweden's dynamic capital markets are a "direct consequence of the design of the Swedish pension system").

3.3.6.2. Expanding the definition of accredited investors

As in most jurisdictions around the world, the traditional definition of an accredited investor in Singapore is predominantly financial, centered on income or net worth thresholds. For individuals, a person is considered an accredited investor if one of the following conditions is met: (i) the person has net personal assets exceed S$2 million (with primary residence value capped at S$1 million of that threshold); (ii) the person's financial assets (net of any related liabilities) exceed S$1 million; or (iii) the person's annual income in the preceding 12 months is at least S$300,000.[238] This financially driven approach may unnecessarily exclude retail investors who, despite lacking the requisite wealth, possess sufficient financial literacy, experience, or professional expertise to understand and manage the risks of private investments. This debate is especially pertinent given the ongoing democratization of financial markets,[239] the revitalization of equity capital markets,[240] and the increasing sophistication and engagement of retail investors.[241]

In the United States, the Securities and Exchange Commission (SEC) has acknowledged this limitation by revising its accredited investor definition to include individuals with certain professional certifications, designations or credentials, recognizing that specialized knowledge can substitute for financial thresholds in assessing investor suitability.[242] This regulatory evolution

---

[238] *See* Securities and Futures Act 2001 § 4A (2020 REV. ED.) (Sing.) (defining "accredited investor"). Since 2019, eligible individuals must opt in to be treated as an "accredited investor"; they can also opt out later. *See* Monetary Auth. of Sing., *Frequently Asked Questions ("FAQs") on the Definition of Accredited Investor and Opt-in Process* 10 (2024) (explaining that financial institutions must give any investor they intend to serve as an accredited investor "the choice to either opt-out (for existing investors) or opt-in (for new investors)" and noting that this guidance was first added on February 4, 2019).

[239] *See e.g.,* Dhruv Aggarwal, Albert H. Choi & Yoon-Ho Alex Lee, *Retail Investors and Corporate Governance: Evidence from Zero-Commission Trading 2,* ECGI LAW WORKING PAPER N° 764/2025 (2025) (identifying the abolition of trading commissions as a key event that "substantially reduced retail investors' cost of entering the stock market"); Filippo Annunziata, *Retail Investment Strategy. How to Boost Retail Investors' Participation in Financial Markets* 22 (July 7, 2023), https://papers.ssrn.com/abstract=4503351 (noting that digitalization leads to "a reduction in costs" and allows a "larger share of population" to gain "cheaper access to financial services and products").

[240] *See e.g.,* Colleen Baker & Christina M. Sautter, *Democratization of the Private Markets?* 1 (Dec. 20, 2024), https://papers.ssrn.com/abstract=5066472 (stating that "the number of retail investors opening taxable brokerage accounts for the first time has surged" since 2020); Katie Zheng, *Voluntary Disclosure and Retail Trading* 1 (Jan. 2, 2023), https://papers.ssrn.com/abstract=5378006 (noting that the financial market has undergone "significant changes" and that "retail trading on individual stocks surged" during the COVID-19 pandemic).

[241] Some scholars argue that a new cohort of "wireless investors," particularly Gen Z, demonstrates higher levels of engagement and organization through online communities. *See* Sergio Gramitto Ricci & Christina Sautter, *The Wireless Investors Movement*, U. CHI. BUS. L. REV. (2022) (describing a "paradigm shift in corporate governance" driven by tech-savvy investors and noting that "80% of Gen Z shareholders have already voted in annual shareholder meetings, exceeding every other generation of shareholders").

[242] *See* Accredited Investor Definition, (Oct. 9, 2020) (codified at 17 C.F.R. pts. 230, 240).

reflects a broader recognition that knowledge, rather than mere wealth, can mitigate asymmetric information problems and reduce investor vulnerability to fraud and unsuitable investments.[243]

Singapore, while maintaining a more conservative stance, can also begin to explore a more nuanced approach to investor classification. For instance, the definition of 'accredited investors' can be broadened, allowing eligibility to be determined not only by financial thresholds but also by an individual's financial literacy and knowledge of capital markets potentially demonstrated through a test or some form of accreditation.[244] This would facilitate broader access to capital markets—particularly private markets and public offers exempted from the prospectus requirement—for knowledgeable retail investors who do not meet the current financial criteria to be considered accredited investors. [245]

In conclusion, expanding the definition of accredited investors to include retail investors with sufficient knowledge represents a progressive step towards more inclusive capital markets. Moreover, it can serve as an addition tool to foster firms' access to equity financing and the development of capital markets in Singapore.

3.3.6.3. Levering Technology in Capital Markets

Technology holds great potential to enhance the efficiency, transparency, and resilience of Singapore's equity capital markets. One key area is the use of blockchain to improve disclosure practices and streamline compliance.[246] Embedding disclosure obligations and corporate actions directly into distributed ledgers can provide investors with transparent, real-time access to critical information.[247] This approach eliminates duplication across registries and intermediaries, reduces

---

[243] *See e.g.,* Annunziata, *supra* note 239, at 37 (noting that insufficient financial literacy can lead investors to take "unwanted and undue risks" or access markets in a "sub-optimal (and potentially harmful) way").

[244] *See* U.S. Securities and Exchange Commission, *SEC Modernizes the Accredited Investor Definition* (Aug. 26, 2020), https://www.sec.gov/newsroom/press-releases/2020-191; Hester M. Peirce, *Statement on Amending the "Accredited Investor" Definition* (Aug. 26, 2020), https://www.sec.gov/newsroom/speeches-statements/peirce-accredited-investor-2020-08-26.

[245] *See* Hester M. Peirce, *supra* note 244 (arguing that "pretending that wealth is a good measure of sophistication is a standard that discriminates against financially sophisticated, lower- income and net worth Americans").

[246] *See e.g.,* Randy Priem, *Distributed Ledger Technology for Securities Clearing and Settlement: Benefits, Risks, and Regulatory Implications*, 6 FIN. INNOV. 11, 11-14 (2020) (showing that DLT systems can enhance transparency by creating a single, shared ledger accessible to all participants, which simplifies the identification of ultimate shareholders and reduces the need for costly manual reconciliation processes that are prone to error).

[247] See, *e.g.,* Chris Brummer, *Disruptive Technology and Securities Regulation*, 84 FORDHAM L. REV. 977 (2015); Merritt B. Fox et al, *Distributed Ledger Technology and the Securities Markets of the Future: A Stakeholder Survey,* 2021 COLUM. BUS. L. REV. 651 (2021); Priem, *supra* note 246, at 1-2. *See* also OECD *infra* note 249.

compliance costs, and shifts capital markets toward a system where transparency and regulatory compliance are embedded “by design,” rather than reliant on costly ex-post enforcement.[248] For instance, prospectuses could be issued as tokenized documents on a blockchain, with smart contracts automatically updating disclosures when pre-defined events occur, such as credit rating changes or shifts in shareholding.[249] This would transform static disclosures into dynamic, living documents that evolve with an issuer’s circumstances. Such models are already being piloted under the EU’s DLT Pilot Regime and MAS’s Project Guardian, and Luxembourg has launched blockchain-based platforms for fund distribution that offer a similar vision for modernized disclosure and reporting regimes.[250] In the context of corporate governance, notices of annual general meetings, resolutions, and voting results could be distributed and enforced on-chain, making shareholder decisions transparent, instantly verifiable, and tamper-proof.[251] Switzerland’s SIX Digital Exchange has already piloted digital shareholder voting linked to tokenized securities, offering a glimpse of what future corporate governance infrastructure might look like.[252]

When it to market infrastructure, DLT has emerged as a transformative force in capital markets, offering a range of potential benefits that address long-standing inefficiencies and risks within existing market infrastructures.[253] One of the primary advantages of DLT lies in its ability to enhance operational efficiency.[254] By enabling real-time settlement and reducing the reliance on

[248] *Id.*

[249] OECD, *The Tokenisation of Assets and Potential Implications for Financial Markets* 16 (Mar. 26, 2020), https://doi.org/10.1787/83493d34-en (noting that smart contracts can “facilitate corporate actions (e.g. coupon or dividend payments, voting), escrow arrangements (e.g. release of funds) and collateral management”).

[250] *See e.g.,* Commission de Surveillance du Secteur Financier, *White Paper – Distributed Ledger Technologies (DLT) and Blockchain – CSSF*, (2022), https://www.cssf.lu/en/2022/01/white-paper-distributed-ledger-technologies-dlt-blockchain/; Monetary Authority of Singapore, *Guardian Funds Framework*, (2024), https://www.mas.gov.sg/-/media/mas-media-library/development/fintech/guardian/guardian-funds-framework.pdf; Regulation (EU) 2022/858 of the European Parliament and of the Council of 30 May 2022 on a Pilot Regime for Market Infrastructures Based on Distributed Ledger Technology, and Amending Regulations (EU) No 600/2014 and (EU) No 909/2014 and Directive 2014/65/EU (Text with EEA Relevance) of 2022.

[251] OECD, *supra* note 249, at 16 (noting that tokenization can eliminate the need for proxies in distributing votes and provide a "clear record of beneficial ownership").

[252] OECD, *supra* note 249, at 49 (describing the Swiss SIX Digital Exchange (SDX) as a “fully integrated trading, settlement and custody infrastructure for digital assets” designed to offer “all standard elements of asset servicing, including . . . corporate actions”).

[253] *Supra* note 247.

[254] *See* OECD, *supra* note 249, at 16 (explaining that DLTs “may deliver efficiency gains through the transfer of value without the need for trusted centralized intermediaries and/or through the efficient automation of processes”); Priem, *supra* note 244, at 1–2 (citing industry studies estimating that DLT could reduce securities

intermediaries, DLT can streamline post-trade processes, lower transaction costs, and minimize counterparty risk.[255] The immutable and transparent nature of distributed ledgers further contributes to improved auditability and regulatory oversight, reducing the likelihood of fraud and enhancing trust among market participants.[256]

DLT also supports greater financial inclusion through the tokenization of assets, which facilitates fractional ownership and lowers barriers to market entry for both issuers and investors.[257] This democratization of access can help broaden participation in capital markets.[258] In addition, the programmability of DLT—enabled through smart contracts—allows for the automation of complex processes such as compliance checks, corporate actions, and the execution of sophisticated financial instruments, thereby increasing operational agility and reducing administrative burdens.[259]

The success of any such transformation ultimately depends on whether the legal framework can accommodate and support these innovations. Technological capability alone is insufficient; robust legal recognition and enforcement mechanisms are critical for safeguarding investor rights and ensuring confidence in the market. Jurisdictions such as Switzerland have taken early steps, enacting legislation that recognizes ledger-based securities and smart contracts. The EU has also introduced legal reforms to support blockchain-based infrastructures, though challenges remain. Singapore will need to consider a range of complex legal questions. These include, among others,

---

clearing and settlement costs by over $11 billion and banks' overall infrastructure costs by $15–$20 billion annually).

[255] *See* OECD, *supra* note 249, at 8 (noting that DLT can "expedite and condense trade clearing and settlement to nearly real-time, reducing counterparty risks"); Priem, *supra* note 244, at 14 (explaining that near-instantaneous settlement reduces counterparty risk and that streamlining the trade life cycle reduces costs).

[256] *See, e.g.*, OECD, *supra* note 249, at 8 (highlighting DLT's potential for "data integrity, immutability and security... as well as automatic auditability" and noting that regulators could gain "quasi-real-time information about specific on-chain events"); Priem, *supra* note 246, at 14 (explaining that the cryptographic chaining of blocks makes a blockchain "rather immutable" and thus resistant to fraudulent alteration).

[257] *See, e.g.*, OECD, *supra* note 249, at 7 (explaining that tokenization "allows for fractional ownership of assets which, in turn, could lower barriers to investment and promote more inclusive access by retail investors to previously unaffordable... asset classes". And this technological shift also benefits issuers by "enhancing access to financing for SMEs").

[258] *See, e.g.*, OECD, *supra* note 249, at 17 (noting that fractional ownership may allow "more inclusive access of small and retail investors to somehow restricted asset classes, while enabling global pools of capital to reach parts of the financial markets previously reserved to large investors").

[259] *See, e.g.*, OECD, *supra* note 249, at 14 (describing industry standards for "programmable securities" that automatically enforce regulatory compliance, such as investor identification and suitability); Priem, *supra* note 246, at 13–14 (noting that smart contracts can automate corporate actions and the execution and margin payment of derivatives).

settlement finality (namely, when a blockchain-based transaction is considered legally binding), as well as how programmable money or central bank digital currencies can be used for settlement.[260] Legal systems must also address whether on-chain records constitute legal title to securities, and how DLT platforms can interoperate with existing financial market infrastructures like central securities depositories and clearing houses.[261] Governance, liability, and cybersecurity are additional concerns.[262] Questions about who is responsible if a smart contract fails or a ledger is compromised must be resolved in a legal environment not originally designed for decentralized or semi-decentralized systems.[263]

3.3.6.4. Development of the Venture Capital Industry

A vibrant venture capital (VC) ecosystem plays a mutually reinforcing role with well-developed capital markets: each contributes to the expansion and deepening of the other. [264] A mature capital market provides compelling incentives for local unicorns to list domestically—owing to lower transaction costs and greater familiarity with the regulatory and business environment—while a dynamic VC ecosystem that generates high-growth firms enhances the breadth and depth of capital markets by increasing the supply of potential IPO candidates and stimulating investor interest. [265]

---

[260] *See, e.g.*, OECD, *supra* note 249, at 35-36 (discussing the need for a "tokenised form of central bank currency or stablecoins" and citing Singapore's Project Ubin as a key example); Priem, *supra* note 246, at 19 (showing that on settlement finality, legal frameworks must determine the precise moment a DLT transaction becomes irrevocable, a challenge given that finality can be probabilistic rather than fixed).

[261] *See* OECD, *supra* note 249, at 20 (citing the U.K. Jurisdiction Taskforce's work on the legal status of cryptoassets and DLT records).

[262] *See* OECD, *supra* note 249, at 7, 19 (listing key challenges as including "governance risks," "cyber-risks," and the need to address operational security); Priem, *supra* note 244, at 20 (arguing that DLT systems require robust governance frameworks and new rules to address the "potential liability issues of participants").

[263] *See* OECD, *supra* note 249, at 19-20 (explaining that for decentralized ledgers, there is a "difficulty in identifying a sole owner or node accountable for the full network," which complicates assigning responsibility for failures); Priem, *supra* note 246, at 20 (showing that a key related issue is the legal status and enforceability of smart contracts, as their failure or incorrect execution could leave transacting parties without legal recourse.)

[264] *See* Bernard S Black & Ronald J Gilson, *Venture Capital and the Structure of Capital Markets: Banks versus Stock Markets*, 47 J. FIN. ECON. 243, 243-249 (1998) (showing a strong correlation between the number of VC-backed IPOs in one year and the amount of new capital committed to VC funds in the following year, and positing that "a well developed stock market that permits venture capitalists to exit through an initial public offering is critical to the existence of a vibrant venture capital market").

[265] The decision to list abroad involves overcoming significant costs and informational frictions, creating a strong incentive to list domestically in a well-functioning home market. *See* Marco Pagano, Ailsa A. Röell & Josef Zechner, *The Geography of Equity Listing: Why Do Companies List Abroad?*, 57 J. FIN. 2651, 2659-2661 (2002) (explaining that listing costs create barriers for firms and that listing patterns exhibit geographical and cultural "clustering," suggesting the importance of familiarity). This dynamic is symbiotic, as a vibrant venture capital market, in turn, strengthens the public market by providing a steady stream of high-growth IPO

Singapore continues to hold a leading position in Southeast Asia's VC landscape, accounting for the majority of both deal volume and value. In 2024, for example, it represented 58.8% of the region's VC deal volume and 67% of deal value. [266] Singapore continues to hold a leading position in Southeast Asia's VC landscape, accounting for the majority of both deal volume and value.[267] These figures are unsurprising given Singapore's fertile ecosystem for VC development, which is underpinned by a combination of legal, regulatory, and institutional strengths. The jurisdiction offers an attractive legal and regulatory framework, including a flexible corporate law regime and favorable tax policies, both of which facilitate business formation and investment.[268] Moreover, Singapore benefits from a strong institutional environment characterized by legal certainty, regulatory predictability, and access to a highly regarded, efficient, and independent judiciary. These features are complemented by proactive government support, including co-investment schemes, public-private partnerships, and initiatives aimed at fostering innovation and entrepreneurship.[269]

However, further reforms can strengthen entrepreneurial risk-taking and thus bolster VC activity. Empirical research has shown that debtor-friendly personal insolvency regimes are associated

---

candidates. *See id* at 245-247 (describing the "functional link between private and public equity markets" and presenting data showing that VC-backed IPOs form a "significant portion of the total IPO market").

[266] *See* Enterprise Singapore & PitchBook, *Singapore Venture Funding Landscape Report 2024*, 4, 12(Apr. 11, 2025), https://www.startupsg.gov.sg/resources/11781205/singapore-venture-funding-landscape-report-2024 (reporting that in 2024, Singapore accounted for 58.8% of the deal volume and 67% of the deal value among ASEAN-6 nations, thereby retaining "its lead as the most active venture market" in the region).

[267] *Id*.

[268] Singapore's reputation as a global leader in corporate governance and business regulation, including a flexible corporate law regime, is well-documented. *See, e.g.*, Dan W. Puchniak & Samantha S. Tang, *Singapore's Puzzling Embrace of Shareholder Stewardship: A Successful Secret*, 53 VAND.T J. TRANSNAT'L. L. 989, 996-1012 (2020) (arguing that Singapore deliberately designed a voluntary, "toothless" stewardship code enabling effortless compliance, thereby "help[ing] promote Singapore as a jurisdiction that is easy to do business in"). The importance of a flexible corporate law regime for facilitating venture capital ("VC") financing is well-established, as it enables parties to create the complex, tailor-made contracts necessary to manage the high risks associated with innovative projects. *See generally* Luca Enriques, Casimiro Antonio Nigro & Tobias H. Troeger, *Venture Capital Contracting as Bargaining in the Shadow of Corporate Law Constraints* (Mar. 1, 2025), https://papers.ssrn.com/abstract=5183235 (arguing that the "enabling nature of U.S. (Delaware) corporate law" has been a key factor in the success of the U.S. VC market and contrasting this with rigid European corporate laws that "impede the adoption and use of some specific components of the U.S. contractual framework").

[269] *See supra* Section 3.2.1 (discussing the Equity Market Development Programme (EQDP), which initially consisted of an S$5 billion injection and was later expanded to S$6.5 billion).

with higher levels of entrepreneurship,[270] innovation,[271] and the development of the venture capital industry.[272] While Singapore's personal insolvency regime has been substantially modernized over the past decade,[273] and is already more liberal than those existing in other Asian countries,[274] it still retains certain features that could be revised to create a more entrepreneurship-friendly environment without generating moral hazard. For example, one possible reform would involve shifting from a system that conditions discharge on stringent criteria to one that provides for automatic discharge, unless creditors or other interested parties challenge the discharge on the basis of fraud or irresponsible behaviour by the debtor.[275]

In addition, provisions that stigmatize bankrupt debtors—such as restrictions on overseas travel or on serving as corporate directors—should be abolished unless the debtor has engaged in misconduct.[276] These reforms would reduce the stigma of insolvency while contributing to creating a legal environment that encourages innovation and entrepreneurial risk-taking by removing punitive consequences for failure. Thus, apart from fostering a more resilient and innovative startup ecosystem, those measures would also reinforce the synergies between venture capital and stock markets, strengthening Singapore as a regional hub for innovation and investment.

---

[270] See, *e.g.,* John Armour & Douglas Cumming, *Bankruptcy Law and Entrepreneurship*, 10 AM. L. ECON. REV. 303,303–04 (2008) (presenting a study of fifteen countries over sixteen years and finding that more "forgiving" personal bankruptcy laws have a "statistically and economically significant effect on self-employment rates").

[271] *See e.g.,* Douglas J. Cumming et al., *Personal Bankruptcy Law and Innovation Around the World 3 (Aug. 1, 2024),* https://papers.ssrn.com/abstract=4922855 (finding that pro-debtor personal bankruptcy law reforms lead to statistically significant increases in patent filings, patent citations, and the entry of new patenting firms, particularly among non-legacy firms).

[272] *See e.g.,* John Armour & Douglas Cumming, *The Legislative Road to Silicon Valley*, 58 OXF. ECON. PAP. 596, 596-597 (2006) (showing in a cross-country analysis that "liberal bankruptcy laws stimulate entrepreneurial demand for venture capital").

[273] *See* Jason J. Kilborn, *Tightening up Loose Credit and Loosening up Tight Bankruptcy in Singapore: An Asian Paradigm for Personal Debt and Insolvency Reform*, 58 TEX. INT'L. L. J. 135, 154-157 (2023) (describing the reforms effective in 2016 as a "revolution" that introduced a "differentiated discharge" framework, making discharge automatic for debtors who make a "target contribution" over a predictable period, thereby shifting the regime's focus toward rehabilitation).

[274] *See* Sanaa Nadeem et al*., Tackling Private Over-Indebtedness in Asia: Economic and Legal Aspects 24* (IMF Working Paper No. 20/172, 2020), https://papers.ssrn.com/abstract=3721196 (describing personal bankruptcy regimes in Asia and noting that Singapore imposes limitations to discharge, showing the regime in Malaysia as having "no automatic discharge," the Indonesian regime as one that "does not generally discharge the debts of bankrupts," and the Thai regime as one where bankruptcy "can only be requested by creditors").

[275] The principle of allowing for discharge while making exceptions for misconduct is consistent with international best practices. *Id.* at 24

[276] Aurelio Gurrea-Martínez, *Insolvency Law in the Global South: Lessons for the Global North*, AM. J. COMP. L. (Forthcoming), ECGI LAW WORKING PAPER N° 838/2025 (2025), https://papers.ssrn.com/abstract=5203364 (arguing that laws penalizing insolvent debtors absent fraud or misbehavior, such as travel restrictions in Australia and Singapore, perpetuate the stigma of insolvency and that punishment for misconduct should not be contingent on a formal insolvency filing).

4. The International Decline of IPOs: Reasons to be Worried?

4.1. The Rise of Private Markets: Challenges and Responses

4.1.1. The Increasing Role of Venture Capital, Private Equity, Private Credit and Beyond

Over the past few decades, private markets—encompassing private equity, venture capital, private credit, and other non-public investment vehicles—have expanded dramatically, reshaping the global corporate financing landscape.[277] By mid-2023, global AUM in private markets reached approximately US $13.1 trillion, up from US $10.7 trillion in 2022.[278] Within this, private equity accounts for about US $5.3 trillion, while private debt and real assets account for approximately US $1.6 trillion and US $4.5 trillion, respectively.[279]

This growth trajectory is projected to accelerate further. It has been estimated that private-market AUM will continue expanding at a compound annual growth rate of 9–10%, reaching US $60–65 trillion by 2032—around 30% of total global AUM.[280] Moreover, a survey showed that 73% of institutional investors expect private markets to outperform public markets over the next five years, with more than half already allocating at least 10% of their portfolios to alternative assets.[281]

In Asia and the Pacific, however, private markets remain more limited, with venture capital being more prevalent.[282] Yet, it was estimated at US $2.7 trillion in 2025 and is projected to nearly double

---

[277] While the increasing importance of venture capital and private equity has been observed for decades, the explosion of private credit has been more recent. For an analysis of the rise of private credit and how it has shaped the corporate financing landscape, *see e.g.,* Jared A. Ellias & Elisabeth de Fontenay, *The Credit Markets Go Dark*, 134 YALE L. J. 779 (2024); Narine Lalafaryan*, Private Credit: A Renaissance in Corporate Finance*, 24 J CORP LAW STUD. 41 (2024). *See* also Hester M. Peirce, *Temporarily Terrified by Thomas: Remarks on Private Credit* (Oct. 15, 2024), https://www.sec.gov/newsroom/speeches-statements/peirce-remarks-private-credit-forum-101524 (providing an overview of the evolution and rapid growth of private credit, and the fact that "although private credit seems to show more promise than peril, as a growing sector of the market, it deserves scrutiny from market participants, academics, and regulators").

[278] *Private Markets – A Growing, Alternative Asset Class*, S&P GLOBAL, https://www.spglobal.com/en/research-insights/market-insights/private-markets (last visited Sept. 7, 2025).

[279] *Id*.

[280] Markus Habbel, *Private Market Assets to Grow at More than Twice the Rate of Public Assets, Reaching up to $65 Trillion by 2032, Bain & Company Finds*, BAIN (Aug. 21, 2024), https://www.bain.com/about/media-center/press-releases/2024/private-market-assets-to-grow-at-more-than-twice-the-rate-of-public-assets-reaching-up-to-$65-trillion-by-2032-bain--company-finds/.

[281] Aviva Investors, *Allocations to Private Markets Continue to Rise – Aviva Investors Research*, (Feb. 5, 2025), https://www.avivainvestors.com/en-us/about/company-news/2025/02/aviva-investors-private-markets-study-2025/.

[282] *See* OECD, *supra* note 9, at 37-39.

to US $5.4 trillion by 2030.[283] Southeast Asia, in particular, has seen a resurgence of activity. In 2024, 67 PE-backed deals worth US $15.8 billion marked the region's busiest year since 2018, with Singapore accounting for about 45% of both deal volume and value.[284] The momentum carried into early 2025, when the first quarter alone saw US $2 billion deployed across 14 deals—five times the deal value of the same period in 2024.[285]

The literature often attributes this surge to structural shifts, including post-crisis regulatory tightening of traditional banking and the search for yield in prolonged low-interest-rate environments, which have redirected capital toward non-bank financial intermediaries and private-lending vehicles.[286] The implications for corporate finance are profound. Private markets have become a critical funding source for growth-stage firms, infrastructure, and innovation-intensive sectors that might otherwise face limited access to public capital.[287] Elevated

---

[283] *See Asia-Pacific Private Equity Market Size & Share Analysis - Growth Trends & Forecasts (2025 - 2030)*, (2025), https://www.mordorintelligence.com/industry-reports/asia-pacific-private-equity-market.
[284] *See* EY Corporate Advisors Pte. Ltd., *Southeast Asia Private Equity Pulse: 2024 in Review*, 1-3 (Mar. 3, 2025), https://www.ey.com/en_sg/technical/quarterly-private-equity-pulse/southeast-asia-private-equity-pulse-2024-in-review.
[285] *See* EY Corporate Advisors Pte. Ltd., *Southeast Asia Private Equity Pulse: Q2 2025*, (July 30, 2025), https://www.ey.com/en_sg/technical/quarterly-private-equity-pulse/southeast-asia-private-equity-pulse-q2-2025.
[286] *See e.g.,* Sirio Aramonte & Fernando Avalos, *The Rise of Private Markets*, 69-72 (Dec. 6, 2021), https://www.bis.org/publ/qtrpdf/r_qt2112e.htm (attributing private market growth to an "environment of light regulation, long investor horizons and low interest rates" and noting that the private credit sector expanded as "banks recalibrated their business models"); Alperen Gözlügöl, Julian Greth & Tobias H. Tröger, *The Regulatory Consequences of the Oscillating Domains of Public and Private Markets*, ECGI LAW WORKING PAPER N° 689/2023 (2023), https://ssrn.com/abstract=4372011 (describing how the post-GFC (global financial crisis) recovery and subsequent growth in private equity were bolstered by "central banks' expansionary monetary policies" and investors' "search of higher yields").
[287] *See e.g.,* Sirio Aramonte & Fernando Avalos, *supra* note 286, at 70; Craig Doidge et al., *Eclipse of the Public Corporation or Eclipse of the Public Markets?*, 30 J. APPLIED CORP. FIN. 8, 9, 14–15 (2018) (explaining that public markets are structurally ill-suited for young, innovation-intensive companies due to disclosure risks and accounting conventions that disfavor intangible assets, thereby making private funding a more effective alternative.); Michelle Lowry, *The Blurring Lines between Private and Public Ownership* 6, *The Blurring Lines between Private and Public Ownership*, *in* HANDBOOK OF CORPORATE FINANCE (David J. Denis ed., 2024) (providing empirical evidence that firms increasingly stay private longer due to the enhanced availability of private capital and showing that late-stage private financing rounds now rival the size of historical IPOs). For a discussion of the financial structures and market demand facilitating private market liquidity for growth-stage firms, *see* Matt Levine, *Public Markets Are the New Private Markets*, Bloomberg (Apr. 8, 2024), https://www.bloomberg.com/opinion/articles/2024-04-08/public-markets-are-the-new-private-markets (describing the emergence of publicly-traded funds that invest in the shares of prominent private technology companies).

"dry powder" levels—unallocated committed capital totaling about US $3 trillion—underscore the depth of available capital awaiting deployment.[288]

In sum, private markets now occupy a central position in global corporate financing, and they probably help explain part of the decline of IPOs in many jurisdictions.[289] As private markets continue to grow and play a key role in the economy, regulatory refinements—particularly around transparency, investor protection, and fund structuring—will be critical to ensuring that private capital supports sustainable development without undermining market integrity. In this new era of capital markets, characterized by an increasingly blurred distinction between private and public markets,[290] regulators must carefully assess whether—and if so, under which conditions—retail investors should have access to private markets, and how corporate and financial laws should be adapted to the evolving landscape of corporate financing.

4.1.2. Regulatory Response to the Rise of Private Markets

4.1.2.1. Rethinking the Exclusion of Retail Investors from Private Markets

The question of whether retail investors should be granted access to private markets has long generated debate in academic and policy circles.[291] Traditionally, participation in private markets—including venture capital, private equity, and beyond—has been restricted to institutional and accredited investors, largely due to concerns over risk, complexity, and illiquidity.[292] Nevertheless, recent discourse has emphasized both the potential benefits and the significant risks associated with broadening retail access.[293]

---

[288] Sirio Aramonte & Fernando Avalos, *supra* note 286, at 71 (defining dry powder as "capital that is committed by investors but not yet disbursed".).

[289] See, *e.g.*, Sungjoung Kwon, Michelle Lowry & Qian Yiming, *Mutual fund investments in private firms*, 136 J. FIN. ECON. 407 (2020); Elisabeth de Fontenay & Gabriel Rauterberg, *The New Public/Private Equilibrium and the Regulation of Public Companies*, 2021 COLUM. BUS. L. REV. 1199, 1203 (2021) (attributing the decline in public firms not only to the rising cost of being public but also to the decreasing cost of staying private due to the enormous growth of private capital markets). *See* also Aggarwal, *supra* note 19.

[290] Blackrock, *supra* note 24, at 5-6; Ferran, *supra* note 74.

[291] *See e.g.,* Ben Bates, *Retail Access to Private Markets, at 6-11* (July 31, 2025), https://papers.ssrn.com/abstract=5381902 (noting that a powerful narrative about investment opportunities shifting to private markets "has led to intense interest among policymakers from both political parties in expanding access to private markets" and that the SEC "has seemed increasingly interested in helping them get it").

[292] *Id.* at 11-12 (describing how federal securities laws divide markets into a heavily regulated "public" sphere, open to all, and a "private" sphere reserved for investors who meet wealth or sophistication tests because they are deemed able to "'fend for themselves'").

[293] *Id.* at 19-26 (outlining the potential benefits, including improved diversification and access to higher-performing assets, and two primary risks: (1) that funds understate their true risk by reporting artificially

One of the central arguments in favor of retail participation is portfolio diversification.[294] Private market assets generally exhibit lower correlations with public markets, which can enhance risk-adjusted returns over the long term.[295] Moreover, in certain periods, private markets—particularly venture capital and buyout funds—have outperformed public equities.[296] Limiting retail investors' access to such opportunities may inadvertently exacerbate wealth inequality by excluding them from higher-yielding asset classes.[297]

Another argument in favor of expanding access is that, with appropriate regulatory safeguards and well-designed investment structures, retail exposure to private markets can be made safer.[298] Vehicles such as feeder funds, diversified private equity funds, or semi-liquid structures can limit concentration risk and ensure professional management.[299] Furthermore, technological innovations—including fintech platforms and tokenization—are lowering barriers to entry, offering improved transparency and potentially reducing costs for investors.[300]

Broader retail participation may also enhance firms' access to capital, particularly for startups and growth-stage companies that rely heavily on private financing.[301] By enlarging the investor base, private markets could better support entrepreneurial ecosystems and innovation-driven growth.[302] In an environment where corporate financing is increasingly shifting from public to private

---

"smoothed" returns, and (2) that lower-performing products may be disproportionately channeled to less sophisticated retail investors, a form of adverse selection.).

[294] *Id.* at 6, 19-23 (noting that new retail funds are being heralded as an "opportunity for everyday investors to reduce risk by diversifying their portfolios").

[295] *Id.* at 6-7, 49.

[296] *See* World Economic Forum, *The Evolution of the Private Equity Industry: Returns, Relationships and Responsibility*, 5-6 (2022), https://www.weforum.org/publications/the-evolution-of-the-private-equity-industry-returns-relationships-and-responsibility/ (presenting data showing that, as of year-end 2020, a private equity index outperformed the S&P 500 over 10-, 15-, 20-, and 25-year horizons).

[297] Bates, *supra* note 291, at 6 (describing the "powerful narrative that the wealthy individuals who can invest in private markets have access to all of the good investments while less wealthy, 'main street' investors are stuck with the public market leftovers").

[298] *Id.* at 10, 59 (arguing that with "sensible reforms," the SEC can create a structure with "the safeguards necessary for investors to protect themselves" and discussing policy guardrails to address the risks of inadequate volatility disclosure and adverse selection).

[299] *Id.* at 14, 29.

[300] *Id.* at 71; Dirk A. Zetzsche et al., *Fintech Toolkit: Smart Regulatory and Market Approaches to Financial Technology Innovation* 7 (May 11, 2020), https://papers.ssrn.com/abstract=3598142 (explaining that innovations like Distributed Ledger Technology (DLT) and tokenization enable new business models and products designed to spur competition and provide low-cost financial services).

[301] Bates, *supra* note 291, at 27.

[302] *Id.* at 71 (describing platforms like AngelList that facilitate retail investment in venture capital funds that, in turn, finance entrepreneurial companies).

markets, continued exclusion of retail investors risks reinforcing structural inequalities and constraining firms' access to funding.[303]

However, these potential benefits must be weighed against significant risks. Private market investments are typically illiquid, opaque, and difficult to value.[304] They often require long holding periods before returns are realized.[305] Retail investors may lack the resources, sophistication, and risk tolerance to conduct due diligence, assess illiquid assets, or absorb potential losses.[306] Moreover, private markets operate with lower transparency and weaker investor protections than public markets: there are often no mandatory disclosures, limited governance oversight, and few viable exit options.[307] These conditions exacerbate information asymmetries between fund managers and investors, increasing the risk of mis-selling and regulatory arbitrage.[308] Expanding retail access would also demand significant regulatory efforts in investor education, suitability assessments, and product standardization, imposing additional supervisory burdens.[309]

Accordingly, while there are strong arguments for broadening retail investor access to private markets, such reforms must be carefully calibrated.[310] Among other measures, they should incorporate appropriate safeguards, comprehensive investor education initiatives, and strengthened corporate governance standards in private markets.[311] The next section explores

---

[303] *Id.* at 6, 19.
[304] *Id.* at 7 (explaining that private funds value their hard-to-value assets using financial models, which can result in artificially "smoothed" returns that understate volatility).
[305] *Id.* at 18 (explaining that investors in private equity and venture capital funds have few, if any, opportunities to exit and "have to wait for the sponsor to distribute profits, which can take years").
[306] *Id.* at 11 (describing that effective due diligence in this area often requires substantial resources that are unavailable to individuals.)
[307] *Id.* at 16-18 (contrasting heavily regulated public investments that feature "lots of mandatory disclosures" with private investments that are "subject to far fewer rules" and describing that investors in private funds typically have severely limited governance rights and cannot, for example, remove the fund's manager.)
[308] *Id.* at 23 (raising the concern that "retail investors might be offered (and purchase) lots of funds that are inferior to the funds being offered to sophisticated investors").
[309] *Id.* at 59-62 (proposing reforms that include standardizing disclosures to make products easier for investors to evaluate, enhancing suitability checks, and increasing regulatory scrutiny of fund valuation practices.)
[310] *Id.* at 19, 59-65 (proposing various sensible reforms). Even calibrated reforms, however, may lead to unintended consequences—at least in certain private markets—that regulators should remain mindful of. See William Clayton and Elisabeth de Fontenay, *Private Equity for All: The Paradoxical Push to Democratize Private Markets*, ECGI LAW WORKING PAPER 898/2026 (emphasizing that expanding retail access to certain private markets, such a private equity, "can undermine the very benefits that access aims to deliver and the very features that purportedly make private equity special, with adverse economic effects as the private markets become less efficient").
[311] *See e.g.,* International Organization of Securities Commissions, *Revised Recommendations for Liquidity Risk Management for Collective Investment Schemes*, 33-42 (2025), https://www.iosco.org/library/pubdocs/pdf/IOSCOPD798.pdf (detailing extensive frameworks for robust

certain rules on corporate governance, as well as financial and securities regulation, that may need to be revisited.

4.1.2.2. Adjusting Corporate and Financial Laws

In this new era of corporate financing and potentially new forms of investments emerging from private markets, certain corporate and financial laws may need some adjustments. For instance, large privately held companies should be subject to more stringent corporate governance requirements.[312] Although not publicly listed, these firms often face governance challenges that closely resemble those encountered by public companies, particularly as they increase in size, economic significance, and the breadth of their investor base.[313] Such challenges include persistent agency problems between controlling shareholders and minority investors, limited transparency in financial and managerial practices, and conflicts of interest in decision-making processes.[314]

The case for enhanced governance becomes even stronger if, as has been suggested, retail investors are able to participate in private markets.[315] These investors frequently lack the informational resources, analytical capacity, and institutional leverage necessary to monitor management or influence governance practices effectively.[316] As a result, the risk of

---

safeguards, including requirements for liquidity stress testing, contingency planning, and independent oversight.).

[312] *See e.g.,* George S. Georgiev, *Is "Public Company" Still a Viable Regulatory Category?*, 13 HARV. BUS. L. REV. 1, 42 (2023) (describing the "dissimilar regulatory treatment of otherwise identical public and private companies" as a core deficiency of the existing model, and suggesting governance and disclosure mandates to large private companies based on size-related thresholds like employee count, revenue, or assets, irrespective of their listing status); Renee M. Jones, *The Unicorn Governance Trap Essay*, 166 U. PA. L. REV. 165, 165-167 (2017) (arguing that because large private companies can remain private for extended periods, they are shielded from the traditional pressures of an initial public offering that historically forced the adoption of mature governance practices).

[313] *See e.g.,* Elizabeth Pollman, *Startup Governance*, 168 U. PA. L. REV. 155, 155-156 (2019) (describing how the evolution of startups creates a unique governance environment distinct from both traditional closely-held firms and public corporations, yet incorporates challenges from both, particularly as the separation of ownership and control becomes more pronounced).

[314] *See e.g.,* OECD, *Corporate Governance of Non-Listed Companies in Emerging Markets* 8-9 (2006), https://doi.org/10.1787/9789264035744-en (discussing common governance issues in non-listed firms, including the need to protect non-controlling shareholders, resolve conflicts of interest, and address information asymmetries through enhanced transparency).

[315] *See e.g.,* Ludovic Phalippou*, Private Markets for the People? Or Just More People for Private Markets?* 12 (July 10, 2025), https://papers.ssrn.com/abstract=5346980 (highlighting the growing push to "democratize" private equity for retail investors, some scholars warn that without robust governance protections, such access amounts to exposing investors to a "high-fee, opaque, conflict-ridden asset class").

[316] *See e.g.,* Annunziata, *supra* note 239, at 37 (noting that "significant gaps in financial literacy" can lead retail investors to either avoid markets or take "unwanted and undue risks"); Aggarwal, Choi, and Lee, *supra* note 237,

mismanagement, tunneling, or other forms of opportunistic behaviour can be exacerbated.[317] In this context, imposing stronger governance obligations on large private firms serves not only to protect investors but also to enhance market confidence and improve the overall integrity of private capital markets.[318]

Jurisdictions should identify large private companies—defined by criteria based on asset size, number of employees, or public interest considerations—and subject them to proportionate corporate governance standards.[319] These include the mandatory appointment of independent directors to ensure objective oversight, enhanced financial disclosures such as annual audited financial statements,[320] and the adoption of majority of minority approvals for conflicted transactions.[321]

The imposition of more rigorous governance standards does not merely serve a protective function. It can also support a smoother transition along the corporate life cycle, from small private firms to large private entities and, eventually, to publicly listed companies. By becoming accustomed to key regulatory expectations—such as independent oversight, transparency obligations, and accountability structures—firms are better prepared to enter public markets. This process reduces the cultural and regulatory gap between private and public status, potentially lowering the barriers to IPOs and encouraging broader participation in public equity markets.[322]

---

at 6 (summarizing literature showing retail investors vote only 29% of their shares, compared to 90% for institutional investors, and are thus "rationally apathetic toward corporate affairs")..

317 *See e.g.,* Bates, *supra* note 291, at 8 (raising the concern that new retail funds could be used to "bail... out" the private fund sector by purchasing "investments that institutional investors increasingly will not touch"); Aggarwal, Choi, and Lee, *supra* note 239, at 3 (showing that firms with increased retail ownership experienced a subsequent decline in corporate governance scores).

318 *See e.g.,* Annunziata, *supra* note 239, at 41.

319 *See e.g.,* Kobi Kastiel & Yaron Nili, *The Corporate Governance Gap*, 131 YALE LAW J. 782, 782-784 (2021) (demonstrating empirically that smaller, less-scrutinized public companies have systematically weaker governance than their large-cap counterparts, a gap attributable to reduced engagement from institutional investors, proxy advisors, and other agents of change).

320 High-valuation private firms, or "unicorns," often developing structures that entrench founders and marginalize other stakeholders, which could be mitigated by enhanced information disclosure like annual audited financial disclosure. *See generally* Jones, *supra* note 312 (arguing that the governance structures of many unicorn companies, characterized by dual-class stock and founder control, create a "trap" that undermines accountability and may not serve the long-term interests of the company or its diverse shareholders).

321 Pollman, *supra* note 313, at 188–96 (describing the inherent conflicts of interest between different classes of shareholders, such as preferred versus common stockholders in exit scenarios, or between different series of preferred stock, which can lead to governance deadlocks or decisions that benefit one shareholder group at the expense of another).

322 *See e.g., Gideon Parchomovsky & Asaf Eckstein, Where the Wild Things Are? The Governance of Private Companies 34* (Mar. 19, 2023), https://papers.ssrn.com/abstract=4393111 (observing that sound governance

Beyond governance reform, the rise of private markets calls for more comprehensive regulatory adjustments. In particular, certain aspects of securities law—such as provisions on insider trading and market manipulation—may need to be expanded to cover transactions in private markets, especially in contexts where these securities are traded on alternative platforms or involve retail investors.[323] Some authors have emphasized the regulatory ambiguities that exist in quasi-public trading spaces and argued for a more expansive application of public enforcement tools to safeguard investor trust.[324]

Moreover, the exponential growth of private credit and its increasing integration with the broader financial system may necessitate a reassessment of prudential regulation. While wholesale application of banking regulations to private credit funds may be excessive, certain macroprudential tools—such as capital adequacy thresholds, disclosure of risk exposures, or liquidity stress tests—could be considered for large non-bank credit providers, particularly those with systemic relevance or significant retail exposure.[325]

In sum, as private markets assume a more central role in the global financial architecture, regulators must adapt legal and institutional frameworks to reflect the realities of modern capital formation. Enhancing governance in large private firms, modernizing securities regulation, and

---

makes private firms "more attractive to analysts and investors" and citing sources that advise prospective public companies to understand and adopt the governance structures preferred by institutional investors and proxy advisors).

[323] This concern is heightened by the growth of secondary trading platforms for private company stock, which creates risks related to information parity. *See* Pollman, *supra* note 313, at 213-215 (discussing the challenges of managing information in late-stage startups and observing that company-facilitated secondary transactions create "litigation and regulatory risk from potential pricing and information asymmetry issues").

[324] *See* Jones, *supra* note 312, at 165-169 (describing the rise of large, non-reporting "Unicorn" companies as a challenge to the traditional public-private divide in corporate law and arguing that recent market trends and deregulatory reforms have weakened the mechanisms that once imposed discipline on start-up founders and urging policymakers to "close regulatory loopholes that allow Unicorns to persist in limbo between private and public status for extended periods of time").

[325] This tailored approach is consistent with recent recommendations from international bodies. The Financial Stability Board, for instance, has proposed a framework for authorities to apply a flexible and proportionate set of policy measures—including enhanced disclosures, activity-based requirements, and direct or indirect leverage limits—to address systemic risks posed by non-bank leverage in core financial markets. *See* Financial Stability Board, *Leverage in Nonbank Financial Intermediation: Final Report* 19-23 (2025) (acknowledging the heterogeneity of non-banks and providing a flexible toolkit for regulators to address identified risks without imposing a full bank-like regulatory regime). For other proposals to regulate non-bank institutions, *see e.g.,* Joshua S. Wan, *Systemically Important Asset Managers: Perspectives on Dodd-Frank's Systemic Designation Mechanism Notes*, 116 COLUM. L. REV. 805, 816-818 (2016) (describing the mandatory and discretionary prudential standards authorized under section 165 of the Dodd-Frank Act, including risk-based capital requirements, liquidity requirements, credit exposure reports, and annual stress tests for designated non-bank SIFIs).

exploring prudential oversight of key market actors are necessary steps to ensure that the growth of private markets proceeds in a manner that is efficient, transparent, and aligned with broader financial stability and investor protection goals.

4.2. The Capital Market Obsession and the Misleading Assessment of Financial Systems

A well-functioning financial system serves as a powerful engine of economic growth.[326] First, it mobilizes resources from savers to borrowers, pooling funds from diverse sources and channeling them toward productive investments, thereby generating jobs and wealth.[327] Second, it performs an allocative function by selecting value-creating investment projects and rejecting value-destroying ones.[328] In a world of scarce resources, this ensures that capital is directed to activities that maximize value creation. Third, the financial system monitors firms and the behavior of borrowers.[329] Once capital is deployed, effective oversight of its use and disciplining of managers are critical. Banks perform this role through covenants and ongoing supervision, while capital markets exert control through the pricing and informational functions capital markets perform. This monitoring function is indispensable in addressing agency problems and enhancing corporate governance. Fourth, the financial system should enable risk management by providing instruments that allow economic agents to diversify, hedge, and transfer risks. Insurance, derivatives, and portfolio diversification enhance economic resilience and support long-term investment.[330] Fifth, it facilitates payments, lowering transaction costs and ensuring the secure and efficient exchange of goods and services through reliable payment systems and financial infrastructure.[331] Finally, the financial system plays a vital informational role.[332]

When these functions are effectively performed, the financial system meaningfully supports the real economy regardless of whether they are delivered by banks, capital markets, or other intermediaries.[333] The institutional form is less important than whether the functions themselves foster entrepreneurship, innovation, and sustainable growth.[334] Consequently, debates over the

---

[326] *See* Levine, *supra* note 1.
[327] *See* OECD, *supra* note 2; John Armour et al., PRINCIPLES OF FINANCIAL REGULATION (OUP, 2016) 23-25.
[328] Armour et al., *supra* note 327, at 24-27.
[329] *Id*.
[330] *See id*. at 26-32.
[331] *See id*. at 23-25.
[332] *See id*. at 34.
[333] *See e.g.,* Ross Levine, *Bank-Based or Market-Based Financial Systems: Which Is Better?*, 11 J. FIN. INTERMEDIATION 398, 400 (2002) (discussing that this functional perspective, often termed the "financial services view," minimizes the debate over institutional form by emphasizing that the primary issue is whether an environment exists in which intermediaries and markets can effectively provide these core services).
[334] *Id*. at 402. See also Armour et al., *supra* note 325, at 50.

merits of bank-based versus market-based systems should give way to a functional perspective, and therefore they should be focused on whether the financial system effectively serves the real economy and whether it can do better to support it.[335]

Viewed through this functional lens, the SCMP—and, more broadly, the decline in IPO activity in many jurisdictions—demands a reframing. The critical question is not whether a jurisdiction records more or fewer IPOs, but whether its financial system effectively mobilizes capital to finance innovation and growth. While developed and diversified financial systems that include robust capital markets typically perform this role more efficiently, other financing channels—such as private equity and venture capital—can, in certain contexts, fund firms more effectively. Where savers have access to comparable investment opportunities and retirement solutions through alternative mechanisms, the absence of a large domestic IPO market does not, in itself, signify structural weakness. In fact, even in economies with mature capital markets, companies may rationally choose to list abroad if foreign exchanges offer higher valuations and the benefits outweigh the costs of cross-border listing. Such a choice can be considered beneficial for the local economy if it enables domestic firms to raise more capital and ultimately contributes to job creation and economic growth locally.

Accordingly, countries should not become obsessed with the number of listed companies or the size of their equity capital markets. While capital markets perform an important function in the real economy, the primary objective for regulators and policymakers should not be the attraction of IPOs or even the growth of equity markets per se, but rather the development of a vibrant, diversified, and adaptive financial system that supports innovation, job creation, and sustainable growth. In this regard, Singapore stands as a compelling example of vibrant financial sector. Ranked fourth in the Global Financial Centers Index, it boasts a dynamic financial ecosystem that includes a competitive banking sector, a well-developed venture capital industry, an innovative fintech environment, one of Asia's largest corporate bond and REIT markets, and a globally leading wealth management industry.[336] Continued investment in these core pillars will not only

---

335 *See e.g.,* Levine, *supra* note 333, at 400-401. See also Beck and Levine, *supra* note 72, at 175; Armour et al., *supra* note 327, at 50.

336 *See* BCG Group, *Global Wealth Report 2025: Rethinking the Rules for Growth*, 6 (2025), https://www.bcg.com/publications/2025/global-wealth-report-2025-rethinking-rules-for-growth (ranking Singapore as the world's third-largest cross-border wealth management hub, with $1.9 trillion in assets.); Mike Wardle & Michael Mainelli, *The Global Financial Centres Index 37*, 4, 13, 41 (2025), https://www.longfinance.net/publications/long-finance-reports/the-global-financial-centres-index-37/ (ranking Singapore fourth globally, first globally for professional services, fifth for investment management, and eighth for fintech.); Thomson Reuters, *2018 IFZ Global FinTech Rankings, (*2018),

attract global capital and talent but also reinforce Singapore's long-term position as a premier international financial hub.

In sum, Singapore's financial system remains robust and effective despite relatively modest IPO volumes. While there is significant room for improvement in equity capital markets, low IPO activity largely reflects structural factors—such as the size of the domestic economy and alternative investment opportunities—rather than systemic deficiencies.[337] Therefore, excessive focus on the SCMP is misplaced. From a policy perspective, the strategic priority should be the continued development of a broad financial ecosystem that remains dynamic, innovative, and responsive to the real economy amid an increasingly complex global landscape.

5. Global Lessons and Policy Insights from the Singapore Capital Market Puzzle

While this article has used Singapore as a case study for the improvement of the international competitiveness of capital markets, many of the trends and challenges discussed—such as the decline of IPOs and the rise of private markets—are also observed in other jurisdictions. A critical point emphasized is that, although capital markets play a key role in the overall financial system, countries should not become obsessed with attracting IPOs or increasing the number of listed companies.[338] Rather, the fundamental issue is whether the financial system efficiently channels resources to productive uses and provides savers with adequate investment opportunities. A well-developed and diversified financial system, which includes robust capital markets, tends to perform these functions more effectively. At the same time, private equity, venture capital, and other alternative financing channels can, in certain contexts, support innovation and growth more efficiently than public equity markets, thus reducing the structural importance of domestic IPO activity. Moreover, the globalized nature of capital markets means that companies frequently opt

---

https://innovation.thomsonreuters.com/en/labs/portfolio/global-fintech-rankings.html (ranking Singapore first globally for FinTech.); Dominic O'Neill, *The world's best bank 2025: DBS,* (2025), https://www.euromoney.com/article/22ixmwwui49w0w00kc8048gws/awards/awards-for-excellence/the-worlds-best-bank-2025-dbs/ (ranking DBS as the world's best bank.).

[337] See, *e.g.,* Kenneth Khoo and Hans Tjio, *IPOs and Equity Valuations in Singapore* (Aug 26, 2024) NUS LAW RESEARCH BLOG, https://blog.nus.edu.sg/lawresearch/2024/08/26/ipos-and-equity-valuations-in-singapore/ (noting that the limited number of IPOs in Singapore is largely due to the strong performance of the real estate market, which attracts investors seeking stable returns and diverts capital away from the equity markets).

[338] Although this obsession often originates from stakeholders in the legal and financial industries who benefit from fees and jobs generated by IPO activity, similar opportunities exist in other segments of the financial sector. Luxembourg provides a notable example: despite having relatively few listed companies, it has established itself as one of Europe's leading financial hubs. This status has contributed to Luxembourg's position as one of the world's wealthiest countries, largely driven by competitive salaries and the creation of high-value jobs within its legal and financial industries.

to list on foreign exchanges when these venues offer higher valuations or strategic advantages, so long as the benefits outweigh the costs associated with cross-border listings. When this occurs and results in increased financing for local firms, it ultimately benefits the domestic economy.

Yet, given the key role that capital markets play in the overall financial system, countries should continue pursuing legal and institutional reforms that can strengthen the attractiveness of their capital markets. To that end, many of the policy recommendations proposed for the revitalization of Singapore's equity capital markets may be valuable to other jurisdictions that share similar characteristics. For example, the existence of controlled firms is a common pattern across jurisdictions.[339] Those companies pose unique corporate governance challenges that cannot be adequately addressed by governance models designed for countries whose companies generally have dispersed ownership structures such as the United Kingdom or United States. Consequently, there is a global imperative to revisit and adapt corporate governance frameworks to better protect minority investors and ensure effective oversight in firms with controlling shareholders. Key areas for reform include strengthening board independence, enhancing audit functions, increasing transparency, and tightening regulations on related party transactions—measures essential to fostering investor confidence and supporting the development of capital markets.

In addition, the rise of private markets and the increasingly unclear distinction between public and private markets call for a reassessment of legal and regulatory frameworks for private markets. Such frameworks are progressively ill-suited to address the unique risks, complexities, and opacity of private market activities. Regulators globally face the challenge of developing nuanced policies that balance investor protection with market efficiency, encourage capital formation and innovation, and mitigate potentially systemic risks associated with less transparent and less liquid private market segments. This article has identified a range of potential adjustments to corporate and financial laws to better respond to the realities of an investment and financing landscape increasingly dominated by private markets.

In sum, given the widespread challenges many countries face, which are similar to those outlined in Singapore, the policy recommendations suggested in this article may prove useful for other jurisdictions seeking to revitalize their capital markets and facilitate the transition towards a

[339] *See e.g.,* Rafael La Porta, Florencio Lopez-De-Silanes & Andrei Shleifer, *Corporate Ownership Around the World*, 54 J. FIN. 471, 490-492 (1999); Adriana De La Cruz, Alejandra Medina & Yun Tang, *Owners of the World's Listed Companies*, OECD (2019); Gur Aminadav & Elias Papaioannou, *Corporate Control around the World*, 75 J. FIN. 1191, 1191-1204 (2020).

financial system where private markets play a central role. By emphasizing reforms tailored to local contexts while drawing lessons from global experiences, this article seeks to contribute to an evolving policy dialogue that transcends national boundaries.

6. Conclusion

Global capital markets are undergoing a profound transformation. Over the past decade, most advanced economies, including those with highly developed capital markets such as the United Kingdom and the United States, have experienced a marked decline in IPO activity. Interestingly, during the same period, countries like Indonesia, Malaysia, Thailand, and particularly China have witnessed a significant increase in the number of listed companies. While the rise of private markets helps explain part of the decline in IPOs across many countries, the size and vibrancy of a local economy also play an important role in shaping IPO activity and the evolution of capital markets.

In this context, Singapore's relatively modest IPO volumes should not necessarily be a cause for concern. As a small economy, the IPO activity among local companies is certainly limited. Moreover, as has been mentioned, the vibrancy of a financial system should not be assessed based on the number of IPOs but on whether the financial system can effectively perform its key functions, including mobilizing capital from savers to borrowers and supporting innovation and long-term growth. On this front, there is little evidence of systemic underperformance of the Singapore financial system. In fact, Singapore offers a diverse and highly developed financial ecosystem that makes the country one of the world's leading financial centers.

Yet, a vibrant equity capital market remains a vital component of a well-functioning financial system. Therefore, while structural constraints such as the size of the economy cannot be altered, a set of targeted reforms has been proposed to revitalize Singapore's equity capital markets while also responding to the rise of private markets. Given that many of the trends and challenges observed in Singapore are also present in other jurisdictions, this article ultimately seeks to contribute to the global debate on how countries should adapt to a new era of capital markets and corporate financing marked by increasingly blurred boundaries between public and private markets.

about ECGI

The European Corporate Governance Institute has been established to improve *corporate governance through fostering independent scientific research and related activities.*

The ECGI will produce and disseminate high quality research while remaining close to the concerns and interests of corporate, financial and public policy makers. It will draw on the expertise of scholars from numerous countries and bring together a critical mass of expertise and interest to bear on this important subject.

The views expressed in this working paper are those of the authors, not those of the ECGI or its members.

Electronic Access to the Working Paper Series

The full set of ECGI working papers can be accessed through the Institute's Web-site (https://ecgi.global/content/working-papers) or SSRN:

Finance Paper Series	http://www.ssrn.com/link/ECGI-Fin.html
Law Paper Series	http://www.ssrn.com/link/ECGI-Law.html