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## **MEDIA RELEASE**

### **PHASED IMPLEMENTATION OF COMPANIES (AMENDMENT) ACT 2014**

#### ***- Legislative Amendments to be effected in two phases***

Singapore, 15 April 2015 – ACRA is adopting a two-phase implementation approach for the legislative amendments to the Companies Act. About 40% of the over 200 legislative amendments will take effect in the first phase on 1 Jul 2015. The second phase encompassing the rest of the legislative amendments is expected to come into effect in the first quarter of 2016.

This approach is being adopted as some legislative amendments are directly linked to the registration and filing processes in ACRA's online business filing and information portal (BizFile). BizFile is currently undergoing a major revamp, and is now expected to be completed in the first quarter of 2016. Technical issues related to the revamp are taking a longer time to resolve than originally anticipated due to the complexity of the BizFile system, which handles close to 400 e-services accounting for more than a million transactions a year.

Companies Act amendments that have no or limited links to BizFile will be effected under the first phase. These include the new provisions which broaden the criteria for exemption from statutory audit for small companies, which will benefit SMEs.

ACRA will announce the effective date for and provide more details on phase two about two months before the changes are due to take effect. As far as possible, two months' notice will be given in advance of the effective date of implementation of phase two.

The list of key legislative amendments to be implemented in each phase can be found in the attached annex. The commencement notification for the legislative amendments to be implemented on 1 July 2015 will be published by the end of May, with supporting subsidiary legislation for the first phase of legislative amendments to be issued in Jun 2015.

The simplified regulatory fee structure that ACRA had previously announced and the new Business Names Registration Act which will replace the current Business Registration Act, will take effect in tandem with the completion of the revamped BizFile, expected to be in the first quarter of 2016.

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## **About ACRA**

The Accounting and Corporate Regulatory Authority (ACRA) is the national regulator of business entities and public accountants in Singapore. ACRA also plays the role of a facilitator for the development of business entities and the public accountancy profession.

The mission of ACRA is to provide a responsive and trusted regulatory environment for businesses and public accountants. As at 31 March 2015, 467,743 business entities and 1050 public accountants practising in public accounting firms, accounting limited liability partnerships and accounting corporations are registered with ACRA.

For more information, please visit [www.acra.gov.sg](http://www.acra.gov.sg)

**List of Companies Act Amendments to be implemented on 1 Jul and 1Q 2016****I. List of key amendments to be implemented in Jul 2015**

<b>S/N</b>	<b>Key Amendments</b>	<b>Section number in Companies (Amendment) Act 2014</b>
(a)	Shareholders' approval not required for payment of compensation up to a year's emoluments to executive director for termination of his employment.	Section 86
(b)	Relaxing conditions for nominee directors to disclose information to nominating shareholders.	Section 80
(c)	Empowering the Court hearing a winding-up application to order a buy-out instead of ordering winding-up.	Section 150
(d)	Expanding the scope of the statutory derivative action in section 216A to allow a complainant to apply to the court for leave to commence/intervene in arbitration.	Section 146
(e)	Extending application of section 216A such that the statutory derivative action is applicable to Singapore-incorporated companies that are listed for quotation or quoted on a securities market, whether in Singapore or overseas.	Section 146
(f)	Allowing listed companies to make selected off-market acquisition of shares in itself in accordance with an agreement authorised by the company.	Section 45
(g)	Removal of prohibition against financial assistance by private companies and introducing new exceptions to financial assistance.	Section 41
(h)	Permitting use of capital for share issues and buybacks for brokerage, commissions.	Section 35
(i)	Allowing companies to issue shares for no consideration.	Section 35
(j)	Consolidating provisions relating to auditor independence under the Accountants Act.	Section 9
(k)	Introduction of small company audit exemption.	Sections 128 & 184
(l)	Auditors of non-public interest company may resign upon giving notice to the company. Auditors of public interest companies and their subsidiaries to obtain ACRA's consent for premature resignation.	Section 126
(m)	Determination of requirement to prepare consolidated financial statements to be determined by financial reporting standards and not the Companies Act	Section 112, 113, 116 (and other related amendments)
(n)	Repeal of Companies Act requirement relating to alignment of financial year between parent and subsidiary.	Section 115
(o)	Company secretaries of private companies need not be physically present at the company's registered office.	Section 88

<b>S/N</b>	<b>Key Amendments</b>	<b>Section number in Companies (Amendment) Act 2014</b>
(p)	Prescribing the requirements of a company secretary of a public company in regulations.	Section 88
(q)	Abolition of transitional arrangements for share warrants.	Section 34
(r)	Update limit on preferential payments to employees of insolvent companies.	Section 151

## **II. List of key amendments to be implemented in 1Q 2016**

<b>S/N</b>	<b>Key Amendments</b>
(a)	Removing the requirement for shareholders' approval to re-appoint directors aged 70 and above.
(b)	Extension of the types of loans permitted to directors to include quasi-loans, credit transactions and related arrangements.
(c)	Extension of directors' disclosures requirements to Chief Executive Officers.
(d)	Allowing a company to provide indemnity against liability incurred by directors to third parties.
(e)	Power of Registrar to debar directors and secretaries.
(f)	Lowering the threshold of 10% of total voting rights for the eligibility of shareholders to demand a poll to 5%.
(g)	Introduction of multiple proxies regime to enfranchise indirect investors.
(h)	Liberalising rules on electronic transaction of documents by companies
(i)	Extension of procedures for passing written resolutions by written means to unlisted public companies.
(j)	Removal of one-share-one-vote for public companies.
(k)	Introduction of statutory mechanism for redenomination of shares.
(l)	Refinements to the amalgamation process
(m)	Clarification that shares redeemed out of proceeds of a fresh issue of shares are not treated as having been redeemed out of capital.
(n)	Transfer of the provisions relating to the Central Depository System to the Securities and Futures Act.
(o)	New exemption from preparation of financial statements for dormant non-listed companies.
(p)	Provisions relating to the revision of defective accounts.
(q)	Extension of summary financial statements to all companies.
(r)	Electronic registers of members of private companies to be kept by ACRA
(s)	Electronic registers of directors and other officers of all companies to be kept by ACRA
(t)	Memorandum and articles will be merged into a single constitution
(u)	Removal of requirement for charities registered under the Charities Act to apply to omit the word "limited" from their names.
(v)	Allowing directors and other persons to report an alternate address.
(w)	Updating of striking-off provisions for local companies (except the prescription of circumstances under which the Registrar may consider a company to not be carrying

S/N	Key Amendments
	on business or not it operation).
(x)	Amendments relating to reservation/ protection of company names.
(y)	All amendments relating to foreign companies.