

# MOF'S AND ACRA'S RESPONSES TO KEY FEEDBACK ON THE DRAFT CORPORATE AND ACCOUNTING LAWS (AMENDMENT) BILL

| S/N                                                                    | Proposed amendment                                                                                                                                                                                                                                                                                                                                        | Feedback                     | MOF's and ACRA's response        |
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| <b>Amendments to prevent misuse of companies for unlawful purposes</b> |                                                                                                                                                                                                                                                                                                                                                           |                              |                                  |
| 1                                                                      | Provide that a court or the Registrar must refuse an application for restoration of an entity where (a) the restored entity is likely to be used for an unlawful purpose or for purposes prejudicial to public peace, welfare or good order in Singapore; or (b) it would be contrary to the national security or interest for the entity to be restored. | The feedback was supportive. | To proceed without modification. |
| 2                                                                      | Provide that a person is disqualified from acting as a director if the person is convicted of an offence under sections 50, 51, 53, 54, 55 or 55A of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992, where the conviction was on or after the date of commencement of the provision.                       | The feedback was supportive. | To proceed without modification. |

| S/N                                                         | Proposed amendment                                                                                                                                                                                                                                                                                                                                                                               | Feedback                                                                                                                                                                                                     | MOF's and ACRA's response                                                              |
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| 3                                                           | <p><u>For voluntary striking off</u></p> <p>a. Allow the Registrar to publish the <i>Gazette</i> notice as early as the next day after the letter is sent (regardless of the mode of delivery).</p> <p><u>For Registrar-initiated striking off</u></p> <p>b. Allow the Registrar to publish the <i>Gazette</i> notice 15 days after the letter is sent (regardless of the mode of delivery).</p> | The feedback was supportive.                                                                                                                                                                                 | To proceed without modification.                                                       |
| 4                                                           | Amend the definition and obligations relating to anti-money laundering and countering the financing of terrorism to explicitly include countering the financing of proliferation of weapons of mass destruction.                                                                                                                                                                                 | The feedback was supportive.                                                                                                                                                                                 | To proceed without modification.                                                       |
| <b>Amendments to reduce regulatory burden for companies</b> |                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                              |                                                                                        |
| 5                                                           | Allow a sole director to be appointed as the company secretary.                                                                                                                                                                                                                                                                                                                                  | The feedback was mixed. Feedback supporting the proposal agreed that this would reduce compliance costs, as some SMEs might otherwise have to hire external corporate secretaries to meet legal obligations. | ACRA will review the proposal further and may consider the proposal for a future Bill. |

| S/N | Proposed amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Feedback                                                                                                                                                                                                        | MOF's and ACRA's response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Respondents who disagreed raised concerns on governance.                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 6   | Remove the requirement to lodge a statement in lieu of prospectus under the Companies Act 1967 (" <b>CA</b> ").                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | The feedback was supportive.                                                                                                                                                                                    | To proceed without modification.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 7   | Remove the requirements for public limited companies with a share capital to convene a statutory meeting and prepare a statutory report.                                                                                                                                                                                                                                                                                                                                                                                                                                          | The feedback was supportive.                                                                                                                                                                                    | To proceed without modification.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 8   | <p>a. Remove the requirement for a company's registered office to be open and accessible to the public for not less than three hours during ordinary business hours on each business day, and other related requirements.</p> <p>b. Allow companies to provide for the hours during which the rights of inspection of a company's records may be exercised and to provide that a person entitled to inspect any company record must give the company reasonable notice of the person's intent to inspect, with specified exceptions where inspection powers are exercised by,</p> | The feedback was generally supportive. One respondent had a query on whether this proposal would affect requirements under the CA for requisition documents to be deposited at the company's registered office. | <p>To proceed without modification.</p> <p>The proposal provides flexibility for companies to decide on the opening office hours of their registered offices, without prejudicing the rights of persons to inspect company records or serve documents on the companies.</p> <p>The proposal will not affect the requirement for documents to be deposited at the company's registered office as the requisition documents may be left at or sent by registered post to the company's registered office, even if it is closed, under section 387 of the CA.</p> |

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|                                                       | for example, the Minister or the Registrar.                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Amendments to safeguard shareholders' interest</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 9                                                     | <p>a. Require two tiers of approval for selective off-market purchase or acquisition of own shares by (i) the members of the company less the target; and (ii) the relevant members within that class of shares less the target under section 76D of the CA.</p> <p>b. Require the percentage threshold for both tiers of approval to be 75%, which is the same as that for the special resolution currently required under section 76D of the CA.</p> | <p>The feedback was supportive. One respondent suggested that a separate class meeting may not necessarily be required if, for example, members of the affected class unanimously voted in favour of the share buyback at the general meeting of the company. It was also suggested that it can be made clearer that consent may be given in writing without the need for a separate class meeting.</p> | <p>To proceed with clarificatory modifications to the drafting of the legislative amendments.</p> <p>The legislative drafting will clarify that consent may include but is not limited to consent being obtained by a resolution passed at a class meeting. This would mean that consent can also be obtained in writing from affected members of the class of shares, without the need to convene a separate class meeting.</p> <p>The legislative drafting will also clarify that the requirement for approval of at least 75% within the class of shares will not apply if the selective off-market purchase or acquisition of shares applies to the entire class of shares.</p> |
| 10                                                    | <p>a. Require that a variation or abrogation of class rights must be approved by at least 75% of the class-rights holders, unless the constitution of the company specifies otherwise.</p>                                                                                                                                                                                                                                                             | <p>The feedback was supportive. One respondent suggested that the proposed amendment should specify that the constitution of the company may specify a lower threshold than the default 75% threshold.</p>                                                                                                                                                                                              | <p>To proceed without modification.</p> <p>The current section 74 of the CA allows the company to set the relevant threshold in its constitution for the consent of the specified proportion of the holders of the class of shares; or the sanction of a resolution passed at a meeting by the holders in total of not less</p>                                                                                                                                                                                                                                                                                                                                                     |

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|                                                                           | b. Retain the current 5% threshold that applies to the right to apply to court to cancel a variation or abrogation of class rights.                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                | than the specified proportion of the total number of shares of that class, and this threshold may be the same, higher or lower than 75%.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 11                                                                        | Include the shares of the holders of options or convertible securities issued on or before the date of the offer, who exercise their conversion rights prior to the date of the notice of compulsory acquisition, in computing whether the 90% threshold in section 215(1) of the CA has been met. | The feedback was supportive. One respondent queried on different scenarios relating to computing the 90% threshold, in deciding whether shares issued after the date of offer, pursuant to the exercise of an option or right attached to convertible securities issued on or before the date of offer, should be included in the computation. | <p>To proceed with clarificatory modifications to the draft amendments.</p> <p>The legislative drafting will clarify that once the right to issue a notice arises (i.e., when the threshold of at least 90% approval is crossed), the offeror has the right to issue the notice "within 2 months of crossing the threshold", and such right would not be invalidated if, due to newly issued shares arising from conversion of shares, the approval drops to below 90% after it had initially crossed 90%. This right to issue a notice applies to all dissenting shareholders, including shareholders whose shares were allotted after the right to issue a notice arose.</p> |
| <b>Amendments to enhance the regulatory regime for public accountants</b> |                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 12                                                                        | Allow ACRA to share information from its audit oversight functions with foreign audit regulators.                                                                                                                                                                                                  | The feedback was supportive. Several respondents sought further clarification on the type of information to be shared, safeguards for confidentiality and data protection agreements, and                                                                                                                                                      | <p>To proceed without modification.</p> <p>ACRA's information sharing arrangements with foreign audit regulators will be guided by established international practices, particularly those used by members of the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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|     |                                                                                                                                                                                                                   | whether the public accountant or accounting entity will be notified of the information being shared. | <p>International Forum of Independent Audit Regulators. ACRA will formalise these arrangements through agreements with foreign audit regulators, incorporating appropriate confidentiality safeguards and terms of use. The information shared with foreign audit regulators will be limited to ACRA's audit oversight functions, such as auditor registration, inspection, and enforcement matters.</p> <p>ACRA will carefully evaluate requests from foreign audit regulators to determine the necessity and scope of disclosure. ACRA will also exercise discretion regarding notification of information sharing to affected parties, balancing the need for confidentiality, regulatory cooperation, and the integrity of any ongoing oversight or enforcement processes.</p> |
| 13  | a. Empower the Registrar to decide on public accountants' ("PAs") registration and renewal applications that meet the prescribed requirements, and to approve PAs' applications for cancellation of registration. | The feedback was supportive.                                                                         | To proceed without modification.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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|     | b. Empower the Oversight Committee to decide on exemptions from registration requirements.                                                                                                                                                                                                                                                                                                                      |                              |                                  |
| 14  | Allow the Oversight Committee to cancel the registration of a PA if he fails to comply with the conditions imposed upon his registration or renewal.                                                                                                                                                                                                                                                            | The feedback was supportive. | To proceed without modification. |
| 15  | Allow PAs to renew their registration for longer renewal periods (i.e. beyond annual renewals).                                                                                                                                                                                                                                                                                                                 | The feedback was supportive. | To proceed without modification. |
| 16  | Amend the notification period for PAs and accounting entities to update particulars from 30 days to 14 days.                                                                                                                                                                                                                                                                                                    | The feedback was supportive. | To proceed without modification. |
| 17  | <p>a. Extend the professional indemnity insurance (“<b>PII</b>”) requirements to accounting firms set up in the form of sole-proprietorships or partnerships to safeguard the interests of PAs’ audit clients and those that rely on audit reports by ensuring that all PAs have sufficient PII to cover the PAs for claims made against them.</p> <p>b. The quantum of the PII is based on the highest of:</p> | The feedback was supportive. | To proceed without modification. |

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|     | <ul style="list-style-type: none"> <li>i. \$1 million;</li> <li>ii. a sum equal to the total of \$500,000 for every PA in the accounting firm; or</li> <li>iii. a sum equal to two and a half times the gross income of the accounting firm in the last completed financial year, subject to a maximum sum of \$50 million.</li> </ul> |                              |                                  |
| 18  | <ul style="list-style-type: none"> <li>a. Introduce a six-year time bar on the lodging of complaints from the date of conduct or act of the PA or accounting entity.</li> <li>b. Empower the Oversight Committee to decide whether to accept or reject a complaint that is made after the time bar.</li> </ul>                         | The feedback was supportive. | To proceed without modification. |
| 19  | Empower the Disciplinary Committee to look into new acts of misconduct uncovered in the course of its own inquiry without having to commence a new or separate complaints and disciplinary process.                                                                                                                                    | The feedback was supportive. | To proceed without modification. |
| 20  | Introduce a provision indicating the confidentiality of the information used                                                                                                                                                                                                                                                           | The feedback was supportive. | To proceed without modification. |

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|     | by the Disciplinary Committee, similar to the existing provision for information used by the Complaints Committee.                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 21  | Allow a majority of the Disciplinary Committee, including the Chairperson, to constitute a quorum for sessions dealing with administrative matters during or at the start of an inquiry. | The feedback was supportive.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | To proceed without modification.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 22  | Require the PA who is primarily responsible for an audit engagement to be identified in the audit opinion.                                                                               | <p>The feedback was largely supportive. Several respondents suggested the inclusion of a harm's way exemption that would permit the PA's identity to remain undisclosed in exceptional circumstances.</p> <p>Another respondent asked about the added transparency value of the PA's identity in the audit opinion, pointing out that this information is already accessible via ACRA's Bizfile. The respondent also highlighted that the proposal may have negative repercussions on attracting talent to the audit profession due to a perceived increase in personal liability and public scrutiny.</p> | <p>To proceed without modification.</p> <p>On the suggestion of harm's way exemption, the proposal aligns with Singapore's corporate governance framework of identifying key position holders in corporate documents with no exemption given from disclosure.</p> <p>While the identity of the PA is available in ACRA's Bizfile, the direct inclusion of his/her identity in the audit opinion provides immediate transparency to stakeholders without the need to search. This also recognises the PAs' crucial role in maintaining public trust which can help enhance the profession's identity and attract future talent who are committed to high professional standards and integrity.</p> |

| S/N | Proposed amendment                                                                                             | Feedback                     | MOF's and ACRA's response        |
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| 23  | Clarify that a PA who is pending disciplinary proceedings and fails to renew his registration cannot practise. | The feedback was supportive. | To proceed without modification. |