

Key changes to Companies Act impacting Shareholders

Topic	Current Provision/Requirement	Changes and Reasons
Lowering threshold to demand poll [amendments to section 178]	<p>The percentage threshold applicable to the right to demand a poll is 10% of the voting rights of members having the right to vote, or 10% of the total sum paid up on all the shares conferring that right.</p>	<p>The percentage threshold is lowered from 10% to 5%.</p> <p>Reasons for amendment</p> <ul style="list-style-type: none"> There is no compelling reason to maintain the 10% threshold, if shareholders holding less than 10% have the power to call for a poll under the alternative 5-member threshold under section 178(b)(i) of the Act Lowering the threshold to 5% would be consistent with the 5% threshold adopted for the purposes of notification of substantial shareholdings in respect of listed companies.
New multiple proxies regime for indirect investors and CPF members [amendments to section 181]	<p>Unless the articles of a company provide otherwise, a member of a company can only appoint up to 2 proxies who can only vote by poll.</p> <p>There is a 48-hour cut-off time before the meeting for submission of proxy form.</p>	<p>Certain specified intermediaries can appoint more than two proxies:</p> <p>(a) banks or wholly-owned subsidiaries banks, whose business includes the provision of nominee services;</p> <p>(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act; and</p> <p>(c) CPF Board.</p>

		<p>Proxies appointed by such specified intermediaries can vote on a show of hands</p> <p>Cut-off time for submission of proxy form extended from 48 hours to 72 hours.</p> <p>6-month grace period granted to companies to give them time to implement changes to take into account possibly larger numbers of attendees for meetings.</p> <p>Reasons for amendment</p> <ul style="list-style-type: none"> • Facilitates indirect investors attending and voting at shareholders' meetings as proxies. • Enhances corporate governance and encourages shareholder participation. • Longer cut-off time so that companies have more lead time to process proxy submissions and handle administrative matters.
Liberalising electronic transmission of notices and documents [New section 387C]	Companies may transmit documents and notices by electronic means subject to certain conditions stated in the Act. For publication of notice or documents via a	The procedures for a company's use of electronic transmission have been reduced and made simpler. Companies may specify the means of electronic transmission in its constitution. A company's constitution can provide for electronic transmission to be the default

	<p>website, there is a need for:</p> <p>(i) the company and the member to agree in writing to such mode of transmission;</p> <p>(ii) agreement must be in relation to the meeting to which the notice relates or to the document being transmitted;</p> <p>(iii) the notice or document must be published on the website such that it is or can be made legible;</p> <p>(iv) the member must be notified of the publication and how notice or document may be accessed; and</p> <p>(v) the notice must continue to be published until the conclusion of the meeting.</p>	<p>mode of communication with members.</p> <p>Safeguards will be provided in regulations, e.g.:</p> <p>(i) Where member has an option to ask for physical copies, he must be notified of the option.</p> <p>(ii) If documents are published on a website, the company must notify members by such means specified in the company's constitution.</p> <p>(iii) Important documents such as those relating to takeovers and rights issues must still be sent to members in physical copy instead of electronically.</p> <p>Reasons for amendment</p> <ul style="list-style-type: none"> • Increases efficiency and speed in communications for companies. • Reduce cost for companies in sending out documents and notices to their members.
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