

Ministry of Finance Completes Review of the Companies Act

1. The Ministry of Finance (MOF) has accepted 192 and modified 17 recommendations of the Steering Committee for the Review of the Companies Act (hereby referred to as “the SC”). 8 recommendations have not been accepted at this point. The SC, which was chaired by Professor Walter Woon, was appointed by the Minister in October 2007. This comprehensive review marks a major step forward in Singapore’s corporate regulatory framework. A copy of the report setting out a summary of the feedback received from the public consultation of the SC’s recommendations and MOF’s responses is available at Annex A.
2. This is the largest number of changes to the Act since it was enacted in 1967. The wide ranging changes are expected to reduce regulatory burden and compliance costs, provide greater flexibility for companies, and improve corporate governance. It will bring benefits to various stakeholder groups such as companies, small-and-medium enterprises (SMEs), retail investors and company directors, including the following:
 - Impact on Companies: Companies will be allowed to issue non-voting shares and shares carrying multiple votes if their Articles allow it and subject to certain safeguards. This will give companies greater flexibility in raising capital, and meet different investor preferences.
 - Impact on SMEs: A new small company concept will be introduced for determining the requirement for statutory audit. SMEs can look forward to lower compliance costs. An approximate additional 10% of companies or about 25,000 more companies can enjoy exemption from audit.
 - Impact on Retail Investors: A multiple-proxies regime will be introduced to allow indirect investors and CPF investors to attend and vote at shareholders’ meetings. This will provide for more active participation at general meetings by the beneficial owners of the company, and help strengthen the culture of corporate governance.

Highlights of some of the key recommendations can be found at Annex B.

3. Deputy Prime Minister and Minister for Finance, Mr Tharman Shanmugaratnam, announced the Government’s decision on the SC’s recommendations at the Securities Investors Association (Singapore) Investors’ Choice Awards Dinner this evening. He said, “In evaluating views on each of the 217 recommendations, MOF has adopted a principled, but pragmatic approach. We have sought to ensure that

we keep a competitive business environment, but one that preserves investors' rights and interests where they really matter."

4. The key objective of the review was to update our company law to meet changing business realities, reduce the regulatory burden and ease compliance for companies, and ensure a transparent corporate environment that gives ordinary investors confidence.
5. The SC submitted its final report to the Minister for Finance in April 2011. MOF conducted a public consultation of the SC's recommendations from June to October 2011, and received many substantive feedback and comments.
6. MOF would like to thank Professor Walter Woon, Chairman of the SC, and all the SC members for the considerable thought and effort given to this important exercise. "I am happy that the Government has accepted almost all of the SC's recommendation. The SC would like to thank all respondents for providing their feedback during the focused group meetings and the public consultation. I believe that the changes introduced in this review will improve Singapore's corporate regulatory framework and enhance our position as a business hub," said Professor Woon.
7. The recommendations will be implemented through amendments to the Companies Act. MOF will seek public feedback on the draft amendment bill early next year.

Documents for download:

[Annex A: MOF's responses to the Report of the Steering Committee for Review of the Companies Act \(full report\)](#) (PDF, 1.55MB) or:

- [Introduction;](#) (PDF, 123KB)
- [Directors;](#) (PDF, 248KB)
- [Shareholders' Rights and Meetings;](#) (PDF, 370KB)
- [Shares, Debentures, Capital Maintenance, Schemes, Compulsory Acquisitions and Amalgamations;](#) (PDF, 189KB)
- [Accounts and Audit;](#) (PDF, 393KB)
- [General Company Administration;](#) (PDF, 367KB)
- [Registration of Charges;](#) (PDF, 228KB)

- [New Issues](#) (PDF, 264KB)
- [Annex A - Composition of Steering Committee to Review the Companies Act](#) (PDF, 55KB)
- [Annex B - List of Respondents](#) (PDF, 146KB)
- [Annex B: Highlights of key recommendations](#) (PDF, 236KB)