

JOINT MOF-ACRA PRESS RELEASE

MOF AND ACRA INVITE PUBLIC FEEDBACK ON ADDITIONAL PROPOSED AMENDMENTS TO THE COMPANIES ACT

1. As part of the ongoing review of the Companies Act, the Ministry of Finance (MOF) and the Accounting and Corporate Regulatory Authority (ACRA) invite the public to provide feedback on the second part of the draft Companies (Amendment) Bill, as well as new areas of the Companies Act under review. The public consultation exercise will run from 23 October to 19 November 2013.

Background

2. We had sought public feedback on the first part of the draft Companies (Amendment) Bill¹ in May 2013. That draft Bill set out the proposed legislative amendments to the Companies Act which arose from recommendations made by the Steering Committee for the Review of the Companies Act ('Steering Committee') and which were accepted by MOF on 3 October 2012². We are currently evaluating the feedback received.

Part Two of the Draft Companies (Amendment) Bill

3. We would like to seek public feedback on the second part of the draft Companies (Amendment) Bill, which covers legislative amendments relating to:

- (a) foreign companies; and
- (b) other aspects of the Companies Act.

Legislative amendments relating to foreign companies

4. From June to October 2011, we conducted a public consultation on 40 recommendations³ relating to the regulatory framework for foreign companies. After considering the public feedback received, we agree to retain 32 recommendations, modify seven and drop one recommendation. A report setting out a summary of the feedback received and our response is available at Annex A. Of the recommendations to be implemented, two key ones are to:

- (a) enhance the continuing disclosure requirements and accountability for financial reporting by foreign companies; and

¹ The first part of the draft Bill is available at http://app.mof.gov.sg/pc_coact_2013.aspx.

² A copy of the report setting out MOF's responses to the Steering Committee's recommendations can be downloaded at http://app.mof.gov.sg/data/cmsresource/SC_RCA_Final/AnnexA_SC_RCA.pdf.

³ The recommendations had been developed by ACRA with input from a working group that was appointed by the Steering Committee to study company administration issues, including the regulation of foreign companies in Singapore.

- (b) introduce new grounds for striking off foreign companies.

The proposed changes are reflected in the draft Bill.

Legislative amendments to other aspects of the Companies Act

5. We also propose other legislative amendments to simplify filing and regulatory processes, and enhance the ability of the Registrar of Companies to hold non-compliant companies, directors and company secretaries more accountable. Changes are also proposed to update and clarify existing provisions. Some key changes include:

- (a) enhancing the Registrar powers to rectify errors in the register;
- (b) enhancing the circumstances for when the Registrar may determine that a company is not carrying on business and may be struck off ; and
- (c) introducing powers to allow the Registrar to debar any director or company secretary of a company in default of lodgement obligations from taking on any new appointment as a director or company secretary.

6. Highlights of key proposed changes relating to foreign companies and other aspects of the Companies Act are at Annex B. A table setting out all the changes in part two of the Companies (Amendment) Bill is at Annex C. The second part of the draft Companies (Amendment) Bill is at Annex D. Both parts of the draft Bill will eventually be consolidated into a single document.

New Areas under Review

7. We would also like to seek public feedback on three new areas (details are at Annex E):

- (a) liberalising the share buyback limit in the Companies Act to allow a Singapore-incorporated company to have greater flexibility in buying back its shares;
- (b) issues relating to priority payment to an employee of an insolvent company, in response to suggestions that the salary cap for priority payment should be updated; and
- (c) phasing out the transitional arrangement under section 66 of the Companies Act for bearers of share warrants issued prior to 29 December 1967. The transitional arrangement allows bearers of share warrants to surrender the share warrants and have their names entered into the company register as registered members. Feedback

is also being sought on appropriate methods for phasing out any outstanding share warrants.

Public consultation details

8. The public can access the consultation documents on MOF's website (www.mof.gov.sg), ACRA's website (www.acra.gov.sg) and the REACH consultation portal (www.reach.gov.sg). Written comments can be submitted to:

Ministry of Finance
Economic Programmes Directorate
100 High Street
#10-01, The Treasury
Singapore 179464

Fax: 6337 4134
Email: mof_pccompaniesact@mof.gov.sg (preferred mode)

9. We will publish a summary of the comments received together with our responses by early 2014. The summary will not disclose the identity of respondents, and will not separately address or acknowledge every comment received.

MINISTRY OF FINANCE
ACCOUNTING AND CORPORATE REGULATORY AUTHORITY
23 October 2013

.....

Documents for download

- Annex A: Summary of the feedback received from the public consultation on foreign companies and our response
- Annex B: Highlights of key proposed changes relating to foreign companies and other aspects of the Companies Act
- Annex C: Table of proposed changes in part two of the draft Companies (Amendment) Bill
- Annex D: Part two of the draft Companies (Amendment) Bill
- Annex E: New areas under review

Contact for media queries

MOF	ACRA
Ms Stellina Seng Associate (Corporate Communications) Tel: 6332 7336 Email: stellina_seng@mof.gov.sg	Ms Ang Siok Hui Head (Corporate Communications) Tel: 6325 3051 Email: ang_siok_hui@acra.gov.sg