## Key Amendments to the Companies Act

On 8 Oct 2014, the Companies (Amendment) Bill was passed in Parliament, containing the largest number of changes to the Companies Act since it was enacted in 1967. The changes aim to reduce the regulatory burden on companies, provide for greater business flexibility and improve the corporate governance landscape in Singapore. Stakeholders from the industry, professional bodies, societies and academia provided feedback through various public consultation exercises held during the review of the Act.

**To learn more about the development and milestones of the Companies Act Reform, please click here.**

Reforms to the Companies Act saw key changes in five broad areas: directors' duties; shareholders' rights and meetings; capital maintenance (including amalgamations and takeovers); accounts and audit; and the administration of companies. The changes are targeted to take effect in the second quarter of 2015.

**Please click here (PDF, 534KB) for a broad overview of the key legislative changes under the Companies Act.**

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# COMPANIES ACT REFORM
## KEY CHANGES AT A GLANCE

## OBJECTIVES

01 Reduce regulatory burden

02 Provide greater business flexibility

03 Improve corporate governance

## WHAT ARE THE PROPOSED CHANGES?

### SMALL COMPANY CRITERIA FOR AUDIT EXEMPTION

**CURRENT** vs **NEW**

**Current:** Audit exemption for exempt private companies with an annual revenue of $5m or less.

**New:** A "small company" is a:

- A private company which meets at least 2 of 3 criteria for immediate past two financial years:
  - total annual revenue ≤ $10m
  - total assets ≤ $10m
  - no. of employees ≤ 50

For a company which is part of a group:

- company must qualify as a small company; and
- entire group must be a "small group".

For a group to be a small group, it must meet at least 2 of the 3 quantitative criteria on a consolidated basis for the immediate past two consecutive financial years.

### REMOVE ONE-SHARE-ONE-VOTE RESTRICTION FOR PUBLIC COMPANIES

**CURRENT** vs **NEW**

**Current:** Public companies issue shares with one vote per share, except preference shares.

**New:** One-share-one-vote restriction for public companies removed.

### ALLOW INDIVIDUAL TO REPORT ALTERNATE ADDRESSES IN ACRA'S RECORDS

**CURRENT** vs **NEW**

**Current:** Residential addresses that individuals report to ACRA are made available to public.

**New:** Allow reporting of alternative address where the person can be located:

- Alternate address cannot be a P.O. Box
- One alternate address per person
- Alternate address within same jurisdiction as residential address.

### ACRA TO KEEP REGISTER OF MEMBERS FOR PRIVATE COMPANIES

**CURRENT** vs **NEW**

**Current:** All companies required to maintain register of members at registered offices.

**New:** Register of members updated and maintained with ACRA:

- Companies to register share ownership and changes with ACRA
- Real time registration of share ownership and changes i.e. filing date is effective date of membership.

ACRA
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### WHAT ARE THE PROPOSED CHANGES?

### MULTIPLE PROXIES REGIME TO GIVE INDIRECT INVESTORS THE RIGHT TO VOTE

**CURRENT** vs **NEW**

**CURRENT**

- Members can appoint up to two proxies
- Proxy can only vote by poll
- 48 hour cut off time for submission of proxy form.

**NEW**

Specific intermediaries can appoint more than two proxies:

- Custodian banks and nominee companies that are subsidiaries of banks
- Other persons licenced to provide custodial services to investors
- CPF board

Allow proxy to vote on a show of hands
72 hour cut off time for submission of proxy form.

### CEOs REQUIRED TO MAKE SIMILAR DISCLOSURES AS DIRECTORS

**CURRENT** vs **NEW**

**CURRENT**

Directors required to disclose:

- Conflict of interests in transactions
- Shareholdings in company and related corporations.

**NEW**

Extend disclosure requirements to CEOs of all companies.

For CEOs of non-listed companies, disclosures on shareholding exclude:

- securities of related corporations; and
- participatory interests made available by the company or its related corporations.

(In line with disclosures required for CEOs of listed companies under listing rules.)

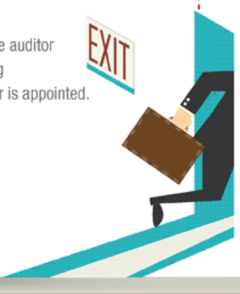
### NEW REQUIREMENTS FOR PREMATURE RESIGNATION OF AUDITORS

**CURRENT** vs **NEW**

**CURRENT**

Auditors can resign if:

- They are not the sole auditor
- At a general meeting
- Replacement auditor is appointed.




**NEW**

For resignations other than at AGM

- Public interest company and its subsidiary – auditors can resign upon giving notice to company and obtaining ACRA's consent
- Non-public interest company (which is not subsidiary of public interest company) – auditors can resign upon giving notice to company.

### REGISTRAR'S POWERS TO DEBAR DIRECTORS AND COMPANY SECRETARIES

**NEW**

Registrar has the power to debar any director/company secretary of a company that has failed to lodge any documents at least three months after the prescribed deadlines

- Debarred person cannot take on any new appointment as a director or company secretary. May continue with existing appointments
- Registrar will lift debarment when default has been rectified.

## Key changes impacting Stakeholders

The following are some of the significant changes impacting the various key stakeholders, please click on the links for details.

- Key changes impacting Directors and CEOs
- Key changes impacting Company Administrators
- Key changes impacting Shareholders
- Key changes impacting Foreign Companies and Authorised Representatives
- Key changes to Companies Act relating to Audit and Preparation of Financial Statements
- Key changes relating to Share Capital, Capital Maintenance, Schemes of Arrangements and Amalgamations