

PROPOSED KEY AMENDMENTS TO THE COMPANIES ACT 1967 (“CA”) AND ACCOUNTANTS ACT 2004 (“AA”)

The key amendments relating to the CA and AA in the draft Bill are below. Consequential and related amendments may be made to other written laws to give effect to or align with these amendments.

S/N	Current requirement	Proposed amendment	Reason for amendment
Amendments to prevent misuse of companies for unlawful purposes			
1	There are currently no provisions for the Registrar or the court to refuse restoration based on the likelihood of the entity being used for unlawful purposes or actions contrary to national security or interest. ¹	[CA] 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 proposed amendment will specify these grounds for refusal, aligning them with the criteria for refusing the registration of a proposed company's constitution under the CA and the grounds for winding up a company under section 124(1)(g) read with section 125(1)(n) of the Insolvency, Restructuring and Dissolution Act 2018.
2	There are currently no provisions to disqualify persons convicted of money laundering offences from acting as a director.	[CA] 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	The proposed amendment will strengthen Singapore's anti-money laundering regime by introducing a new ground of disqualification for persons convicted of money laundering offences, as such convictions ought to render such a person disqualified from acting as a director.

¹ Sections 344(5), 344D, 344E(1), 377A and 377B of the CA.

S/N	Current requirement	Proposed amendment	Reason for amendment
		date of commencement of the provision.	
3	<p>Currently, for both voluntary striking off and Registrar-initiated striking off, the Registrar can only publish the <i>Gazette</i> notice 30 days after the letter is sent to the company², even though some of the striking-off applications are submitted by the companies themselves. This 30-day period allows the company to lodge objections to the striking off.</p> <p>If the Registrar does not receive an objection from the company after 30 days, a <i>Gazette</i> notice can be published to give the public (e.g. creditors) 60 days to object to any striking-off application.</p>	<p>[CA]</p> <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>	<p>The proposed amendment will shorten the timeline of the striking off process, which could reduce the likelihood of misusing inactive companies for illicit purposes (e.g. money laundering):</p> <p>a. For voluntary striking off by companies, it will require 60 days (for public to object), instead of 90 days.</p> <p>b. For Registrar-initiated striking off, it will require 75 days (15 days for company to object, and 60 days for public to object), instead of 90 days (30 days for company to object, and 60 days for public to object).</p> <p>The proposed amendment will improve the efficiency of the striking-off process as a whole without changing the length of statutory period (60 days) for the public to lodge objections.</p>

² Section 344 and 344A of the CA.

S/N	Current requirement	Proposed amendment	Reason for amendment
4	The existing anti-money laundering and countering the financing of terrorism (“AML/CFT”) definition and obligations applicable to public accountants and accounting entities in the AA and subsidiary legislation only refer to money laundering and the financing of terrorism.	[AA] Amend the definition and obligations relating to AML/CFT to explicitly include countering the financing of proliferation of weapons of mass destruction (“proliferation financing”). ³	The proposed amendment is in line with the Financial Action Task Force’s requirements for countries to explicitly assess and address risks related to proliferation financing.
Amendments to reduce regulatory burden for companies			
5	Currently, the sole director of a company is prohibited from being appointed as the company secretary to ensure separation of duties. ⁴	[CA] Allow a sole director to be appointed as the company secretary.	Directors remain ultimately responsible and liable for company affairs. To safeguard statutory compliance, a sole director acting as company secretary must demonstrate the requisite knowledge and experience required of a company secretary to fulfil the role effectively. This amendment aligns with practices in jurisdictions like the United Kingdom, which have repealed similar prohibitions, and could help reduce compliance costs for smaller companies.
6	A statement in lieu of prospectus is required to be filed with the Registrar in	[CA] Remove the requirement to lodge a statement in lieu of prospectus under	The proposed amendment will reduce regulatory burden and duplicative

³ Currently, proliferation financing is embedded as among the range of predicate offences to money laundering, and is not explicitly singled out.

⁴ Section 171(1E) of the CA.

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	<p>the following circumstances:</p> <ul style="list-style-type: none"> a. Upon conversion from a private to public company; b. Upon ceasing to be a private company; c. Prior to first allotment of shares or debentures for a public company having a share capital that does not issue a prospectus; and d. Prior to commencing any business or exercising any borrowing power for a public company having a share capital that does not issue a prospectus. 	the CA.	reporting. For public companies, the information required in a statement in lieu of prospectus is already covered by the prospectus requirements under the Securities and Futures Act 2001.
7	A public company that is a limited company and has a share capital is required to hold a statutory meeting within a period of not less than one month and not more than three months after the date at which it is entitled to commence business. ⁵	[CA] Remove the requirements for public limited companies with a share capital to convene a statutory meeting and prepare a statutory report.	The proposed amendment will provide more flexibility and reduce regulatory burden for public limited companies, without compromising members' rights. Companies are required to hold annual general meeting ("AGM") annually within four months after the company's financial year end and members will have access to the following

⁵ Section 174(1) of the CA.

S/N	Current requirement	Proposed amendment	Reason for amendment
	<p>The directors of the company are required to forward a statutory report to the members at least seven days before the day on which the statutory meeting is to be held.⁶</p> <p>The statutory report must be certified by at least two directors and contain the specified information.⁷ Certain aspects of the statutory report must be examined and reported by the auditors, if any.⁸ This auditor's report (if any) together with the statutory report must be lodged with the Registrar at least seven days before the date of the statutory meeting.⁹</p> <p>Matters relating to the process of the statutory meeting are regulated.¹⁰ Where there is non-compliance with the requirements relating to statutory meeting or statutory report, officers who are in default and directors who fail to take all reasonable steps to secure compliance are guilty of an offence and</p>		<p>information through the AGM:</p> <ul style="list-style-type: none"> a. Financial statements; b. Register of directors and chief executive officer which shows information relating to shares, debentures, contracts, right and options in which the director/chief executive officer has an interest in; and c. Register of members. <p>There are also other available means to convene meetings under the CA:</p> <ul style="list-style-type: none"> a. An extraordinary general meeting must be convened when requested by members holding at least 10% of the company's shares. b. A meeting of a company may be called by two or more members holding at least 10% of the

⁶ Section 174(2) of the CA.

⁷ Section 174(3) of the CA.

⁸ Section 174(4) of the CA.

⁹ Section 174(5) of the CA.

¹⁰ Sections 174(6) to (9) of the CA.

S/N	Current requirement	Proposed amendment	Reason for amendment
	liable on conviction to a fine not exceeding \$1,000 and also to a default penalty. ¹¹		company's shares. ¹²
8	<p>A company's registered office is required to be open and accessible to the public for not less than three hours during ordinary business hours on each business day. Other related requirements include:</p> <p>a. A company is required to lodge with the Registrar a notice of the days and hours during which it is open and accessible to the public, unless the office is open for at least five hours during ordinary business hours on each business day.</p> <p>b. At least one of the secretaries of a company, or their agent or clerk, are required to be present at the company's registered office on the days and at the hours during which the registered office is to be accessible to the public, unless they</p>	<p>[CA]</p> <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, for example, the Minister or the Registrar.</p>	The proposed amendment will provide companies with flexibility to determine their registered offices' opening hours without compromising those who have rights to inspect company records or serve documents to companies.

¹¹ Section 174(10) of the CA; section 408 of the CA governs default penalties.

¹² For companies without a share capital, not less than 5% in number of the members of the company or such lesser number as is provided by the constitution may call a meeting of the company.

S/N	Current requirement	Proposed amendment	Reason for amendment
	<p>are readily contactable by telephone or other means of instantaneous communication during those times.</p> <p>Similar requirements apply to foreign companies.</p> <p>In addition, any company record which is required to be available for inspection must be available for inspection during the hours in which the registered office of the company is accessible to the public.</p>		
Amendments to safeguard shareholders' interests			
9	<p>A company may make a selective off-market purchase¹³, if it is made in accordance with an agreement authorised by a special resolution, with no votes being cast by any person whose shares are proposed to be purchased or acquired or by his or her associated persons (the “target”).</p>	<p>[CA]</p> <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>When a company selectively purchases only some shares within a class, it may be unfair to shareholders of that class who are not targeted.¹⁴ This amendment aims to better safeguard the rights of shareholders in such scenarios by ensuring that their voting rights are not diluted.</p>

¹³ This is a purchase or acquisition of its own shares otherwise than on a securities exchange and not in accordance with an equal access scheme.

¹⁴ For example, a company that has two classes of shares, Classes A and B, may seek to make a selective off-market purchase of only some Class A shares. In such a scenario, there could be unfairness towards the Class A shareholders that are not the target of the selective off-market purchase, because the company could have but chose not to make a selective off-market purchase of all Class A shares, notwithstanding that these Class A shareholders could vote on the special resolution to authorise the purchase.

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		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.	
10	<p>If the rights of a class of shares are varied or abrogated in a company with different classes of shares, the holders of at least 5% of the total number of issued shares of that class of shares may apply to the Court to cancel the variation or abrogation.</p> <p>However, the CA is currently silent on the proportion of shareholders whose consent is required for the variation or abrogation of class rights. In practice, companies would obtain agreement from 75% of the company, as well as from 75% of the class of shareholders.</p>	<p>[CA]</p> <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>b. Retain the current 5% threshold that applies to the right to apply to court to cancel a variation or abrogation of class rights.</p>	<p>The proposed amendment will provide clarity on the quantum of shareholders' approval required to vary or abrogate class rights. The quantum of 75% is aligned with existing practice.</p> <p>The proposed carve-out ("unless the constitution of the company specifies otherwise") provides flexibility for companies to decide the appropriate threshold at which certain class rights can be varied.</p>
11	<p>An offeror can serve a notice of compulsory acquisition on dissenting shareholders within two months after 90% of the shareholders approve the offer to acquire all the shares of the company.</p>	<p>[CA]</p> <p>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</p>	<p>The proposed amendment will increase protection for holders of options and convertible securities. Introducing a deadline of the date of notice of compulsory acquisition places the onus on these holders to exercise their</p>

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	Computation of the 90% threshold excludes new shares issued after the date of the offer.	whether the 90% threshold in section 215(1) of the CA has been met.	conversion rights in a timely manner if they intend to have their disapproval count in calculating the 90% threshold. In addition, the holders of existing options or convertible securities are not prejudiced as potential shareholders because their conversion rights are respected vis-à-vis the 90% threshold.
Amendments to enhance regulatory regime for public accountants			
12	There are currently no provisions on the sharing of information between ACRA and foreign audit regulators.	[AA] Allow ACRA to share information from its audit oversight functions with foreign audit regulators.	The proposed amendment will enable ACRA to enter into information sharing arrangements with foreign audit regulators and assist in the performance of its audit regulatory functions.
13	<p>The Oversight Committee decides on applications for registration, renewal of registration, removal from the register and cancellation of registration of public accountants (“PAs15</p> <p>The Authority decides on applications for exemption from registration requirements for PAs.</p>	<p>[AA]</p> <p>a. Empower the Registrar to decide on PAs’ registration and renewal applications that meet the prescribed requirements, and to approve PAs’ applications for cancellation of registration.</p> <p>b. Empower the Oversight Committee</p>	<p>The proposed amendment will streamline the registration, renewal and cancellation process of a PA for straightforward cases that meet the prescribed requirements.</p> <p>For complex cases where subjective judgment is required (e.g. exemptions from registration requirements), the Oversight Committee (chaired by an</p>

¹⁵ Sections 11, 13, 15(1)(f) and 15(4) of the AA.

S/N	Current requirement	Proposed amendment	Reason for amendment
		to decide on exemptions from registration requirements.	ACRA Board member and comprising industry representatives) will be the decision-making authority.
14	The Oversight Committee is allowed to impose conditions on a PA's registration or renewal. However, the Act is silent on the consequence of non-compliance with these conditions.	[AA] 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 proposed amendment will spell out the consequences for non-compliance with the conditions imposed on a PA's registration or renewal.
15	Every certificate of registration shall be in force from the date of its issue or renewal to 31 st December of the year in respect of which the certificate is issued or renewed. ¹⁶	[AA] Allow PAs to renew their registration for longer renewal periods (i.e. beyond annual renewals).	The proposed amendment will reduce regulatory burden by providing PAs with the flexibility to renew their registration for longer periods. The relevant periods will be prescribed in subsidiary legislation.
16	A PA must notify the Registrar of a change in the particulars of the PA or accounting entity ("AE") within 30 days of the change. ¹⁷ A public accounting corporation must provide the Registrar with the particulars on changes in matters relating to memorandum and articles of association, corporate practitioners and composition of its	[AA] Amend the notification period for PAs and AEs to update particulars from 30 days to 14 days.	The proposed amendment will align the number of days given to PAs and AEs for the updating of changes in particulars with those in the other ACRA-administered legislation.

¹⁶ Section 12(3) of the AA.

¹⁷ Sections 14(1) and 22(2) of the AA.

S/N	Current requirement	Proposed amendment	Reason for amendment
	board of directors who are PAs within 30 days of the change. ¹⁸		
17	<p>Accounting corporations and accounting limited liability partnerships (“LLPs”) are subject to professional indemnity insurance (“PII”) requirements. However, the AA is silent on whether a firm or proposed firm applying to be approved as an accounting firm in the form of sole-proprietorships or partnerships must be covered by PII.</p>	<p>[AA]</p> <p>a. Extend the PII 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> <ul style="list-style-type: none"> i. \$1 million; ii. a sum equal to the total of \$500,000 for every PA in the accounting firm; or iii. a sum equal to two and a half times the gross income of the accounting firm in the last completed financial year, 	<p>The proposed amendment will clarify that accounting firms set up in the form of sole-proprietorships or partnerships have to meet PII requirements, similar to the existing requirements for accounting corporations and accounting LLPs to hold PII of a sufficient quantum.</p>

¹⁸ Section 26(2) of the AA.

S/N	Current requirement	Proposed amendment	Reason for amendment
		subject to a maximum sum of \$50 million.	
18	There is currently no time bar for when a complaint against PAs or AEs has to be made. ¹⁹	<p>[AA]</p> <ul style="list-style-type: none"> a. Introduce a six-year time bar on the lodging of complaints from the date of conduct or act of the PA or AE. b. Empower the Oversight Committee to decide whether to accept or reject a complaint that is made after the time bar. 	The proposed amendment will ensure that complaints are submitted promptly, thereby providing legal certainty and ensuring the availability of evidence for complaints to be resolved fairly. The six-year time bar is aligned with the time bar for complaints against lawyers (under the Legal Profession Act 1966) and for any person who wishes to advance a civil action in contract or tort (under the Limitation Act 1963).
19	<p>ACRA reviews all complaints against PAs and AEs, and recommends that the Oversight Committee refer valid complaints to the Complaints Committee or Disciplinary Committee for further inquiries.</p> <p>The AA provides that the Complaints Committee may look into new acts of misconduct uncovered in the course of its inquiry²⁰ but is silent on whether the</p>	<p>[AA] 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.</p>	The proposed amendment will align the powers of the Disciplinary Committee with those of the Complaints Committee.

¹⁹ Section 40 of the AA.

²⁰ Section 46(3) of the AA.

S/N	Current requirement	Proposed amendment	Reason for amendment
	Disciplinary Committee may do the same.		
20	All information used by a Complaints Committee shall be confidential and shall not be disclosed to any person (including the PA and/or AE concerned), unless the Complaints Committee decides otherwise. ²¹ However, there is no similar provision applicable to information used by the Disciplinary Committee.	[AA] Introduce a provision indicating the confidentiality of the information used by the Disciplinary Committee, similar to the existing provision for information used by the Complaints Committee.	The proposed amendment will align the protection of confidentiality of information used by the Disciplinary Committee, with that used by the Complaints Committee.
21	All members of the Disciplinary Committee shall be personally present to constitute a quorum for a meeting of the Disciplinary Committee. ²²	[AA] 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 proposed amendment will enhance the efficiency of the Disciplinary Committee's inquiry process. For administrative matters, such as sorting out pre-hearing matters, it will suffice for a majority of the Disciplinary Committee members to be present.
22	There is no requirement to provide the identity of the PA who is primarily responsible for an audit engagement in the audit opinion.	[AA] Require the PA who is primarily responsible for an audit engagement to be identified in the audit opinion.	The proposed amendment provides clarity on the identity of the PA for an audit engagement and promotes greater personal accountability by PAs and greater transparency for the sector.

²¹ Section 45(10) of the AA.

²² Section 51(2) of the AA.

S/N	Current requirement	Proposed amendment	Reason for amendment
23	When a PA is pending disciplinary proceedings, he/she will be kept on the register as a matter of administration until the disciplinary proceedings conclude. During this period, the PA can continue to practise, as he/she remains on the register, regardless of whether he/she renews his/her registration.	[AA] Clarify that a PA who is pending disciplinary proceedings and fails to renew his registration cannot practise.	The proposed amendment will make clear that a PA facing disciplinary proceedings cannot practise, unless he renews his registration.