

Companies (Amendment) Act 2014

The Companies (Amendment) Act was passed by Parliament on 8 October 2014 and assented to by the President on 18 November 2014.

On 15 April 2015, ACRA announced that the legislative changes to the Companies Act would be effected in two phases. The first phase was implemented on 1 July 2015. With the exception of sections 94(e) and 121, the second phase commenced on 3 January 2016. Section 121 came into effect on 20 Apr 2018.

Two Phase Implementation of the Companies (Amendment) Act 2014

The two-phase approach was adopted for the implementation of the legislative amendments to the Companies Act, as some legislative amendments were directly linked to the registration and filing processes in ACRA's online business filing and information portal (BizFile), which was undergoing a major revamp at that time. Technical issues related to the revamp had taken a longer time to resolve than originally anticipated due to the complexity of the BizFile system, which handles close to 400 e-services accounting for more than a million transactions a year.

Phase 1 (Effective 1 July 2015)

List of key amendments implemented

Phase 1 - List of key amendments implemented in July 2015

S/N	Key Amendments	Section number in Companies (Amendment) Act 2014
(a)	Shareholders' approval not required for payment of compensation up to a year's emoluments to executive director for termination of his employment.	Section 86
(b)	Relaxing conditions for nominee directors to disclose information to nominating shareholders.	Section 80
(c)	Empowering the Court hearing a winding-up application to order a buy-out instead of ordering winding-up.	Section 150

(d)	Expanding the scope of the statutory derivative action in section 216A to allow a complainant to apply to the court for leave to commence/intervene in arbitration.	Section 146
(e)	Extending application of section 216A such that the statutory derivative action is applicable to Singapore-incorporated companies that are listed for quotation or quoted on a securities market, whether in Singapore or overseas.	Section 146
(f)	Allowing listed companies to make selected off-market acquisition of shares in itself in accordance with an agreement authorised by the company.	Section 45
(g)	Removal of prohibition against financial assistance by private companies and introducing new exceptions to financial assistance.	Section 41
(h)	Permitting use of capital to pay for share issues and buybacks for brokerage or commissions.	Section 35
(i)	Allowing companies to issue shares for no consideration.	Section 35
(j)	Consolidating provisions relating to auditor independence under the Accountants Act.	Section 9
(k)	Introduction of small company audit exemption.	Section 128, 184
(l)	Auditors of non-public interest company may resign upon giving notice to the company. Auditors of public interest companies and their subsidiaries to obtain ACRA's consent for premature resignation.	Section 126
(m)	Determination of requirement to prepare consolidated financial statements to be determined by financial reporting standards and not the Companies Act.	Section 112, 113, 116 (and other related amendments)
(n)	Repeal of Companies Act requirement relating to alignment of financial year between parent and subsidiary.	Section 115
(o)	Company secretaries of private companies need not be physically present at the company's registered office.	Section 88

(p)	Prescribing the requirements of a company secretary of a public company in regulations.	Section 88
(q)	Abolition of transitional arrangements for share warrants.	Section 34
(r)	Update limit on preferential payments to employees of insolvent companies.	Section 151

Click [here](#) for details of selected key amendments implemented in Phase 1

Phase 2 (Effective 3 January 2016)

List of key amendments implemented

S/N	Key Amendments
(a)	Removing the requirement for shareholders' approval to re-appoint directors aged 70 and above.
(b)	Extension of the types of loans permitted to directors to include quasi-loans, credit transactions and related arrangements.
(c)	Extension of directors' disclosures requirements to Chief Executive Officers.
(d)	Allowing a company to provide indemnity against liability incurred by directors to third parties.
(e)	Power of Registrar to debar directors and secretaries.
(f)	Lowering the threshold of 10% of total voting rights for the eligibility of shareholders to demand a poll to 5%.
(g)	Introduction of multiple proxies regime to enfranchise indirect investors.
(h)	Liberalising rules on electronic transaction of documents by companies.
(i)	Extension of procedures for passing written resolutions by written means to unlisted public companies.
(j)	Removal of one-share-one-vote for public companies.
(k)	Introduction of statutory mechanism for redenomination of shares.
(l)	Refinements to the amalgamation process.

(m)	Clarification that shares redeemed out of proceeds of a fresh issue of shares are not treated as having been redeemed out of capital.
(n)	Transfer of the provisions relating to the Central Depository System to the Securities and Futures Act.
(o)	New exemption from preparation of financial statements for dormant non-listed companies.
(p)	Extension of summary financial statements to all companies.
(q)	Electronic registers of members of private companies to be kept by ACRA.
(r)	Electronic registers of directors and other officers of all companies to be kept by ACRA.
(s)	Memorandum and articles will be merged into a single constitution.
(t)	Removal of requirement for charities registered under the Charities Act to apply to omit the word “limited” from their names.
(u)	Allowing directors and other persons to report an alternate address.
(v)	Updating of striking-off provisions for local companies (except the prescription of circumstances under which the Registrar may consider a company to not be carrying on business or not in operation).
(w)	Amendments relating to reservation/ protection of company names.
(v)	All amendments relating to foreign companies.

Click [here](#) for details of selected key amendments implemented in Phase 2.

Please click [here](#) for the documents relating to the passage through Parliament.

Please click [here](#) for the Companies (Amendment) Act 2014.

Subsidiary Legislation and Commencement Notifications

Phase 1 of Companies (Amendment) Act 2014 (effective 1 July 2015)

- The supporting subsidiary legislation for the first phase of legislative amendments can be accessed [here](#).
- The Companies (Amendment) Act 2014 (Commencement) Notification 2015 can be accessed [here](#) (PDF, 164KB).

- A further elaboration on the sections in the (Commencement) Notification can be found [here](#) (PDF,298KB).

Phase 2 of Companies (Amendment) Act 2014 (effective 3 January 2016)

- The supporting subsidiary legislation for the second phase of legislative amendments can be accessed [here](#).
- The Companies (Amendment) Act 2014 (Commencement)(No.2) Notification 2015 can be accessed [here](#) (PDF,157KB).

For more on the review process of the Companies (Amendment) Act 2015, please click [here](#).

Documents related to the passage through Parliament

- [Second Reading speech on the Companies \(Amendment\) Bill 2014](#) (PDF,192KB)
- [Response by Senior Minister of State for Finance Mrs Josephine Teo during the Second Reading of the Companies \(Amendment\) Bill 2014](#) (PDF, 156KB)
- [Fact sheet on the Companies \(Amendment\) Bill](#) (PDF, 69KB)
- [Second Reading speech on Statutes \(Miscellaneous Amendments\) \(No.2\) Bill](#) (PDF, 192KB)
- [Fact sheet on the Statutes \(Miscellaneous Amendment\) \(No.2\) Bill](#) (PDF, 184KB)