

Press Release

MOF AND ACRA INVITE PUBLIC FEEDBACK ON PROPOSED CHANGES TO THE COMPANIES ACT, LIMITED LIABILITY PARTNERSHIPS ACT AND ACCOUNTANTS ACT

1. The Ministry of Finance (MOF) and the Accounting and Corporate Regulatory Authority (ACRA) invite the public to provide feedback on proposed amendments to the Companies Act, Limited Liability Partnerships Act, and Accountants Act. This public consultation will run from 27 December 2016 to 13 January 2017.

2. The proposed amendments to the Companies Act and Limited Liability Partnerships Act seek to reduce the regulatory burden on business entities and improve the ease of doing business, as well as enhance the transparency of business entities. The proposed amendment to the Accountants Act is to clarify existing provisions.

Background

3. In October 2016, MOF, ACRA and the Ministry of Law conducted a round of public consultations on other proposed amendments to the Companies Act. The feedback sought then was on proposed amendments to the Companies Act to introduce an inward re-domiciliation regime in Singapore¹, as well as proposed amendments to the Companies Act for debt restructuring². The public consultations were closed on 16 November 2016 and 2 December 2016 respectively.

4. The amendments from the October 2016 round of public consultations, as well as Companies Act amendments in this current round of public consultations, will eventually be incorporated into a single Companies (Amendment) Bill. The Accountants Act amendment will be included as a related amendment in the Companies (Amendment) Bill. Amendments relating to the Limited Liability Partnerships Act will be in a separate Limited Liability Partnerships (Amendment) Bill.

Proposed amendments to reduce regulatory burden and improve ease of doing business

5. The following amendments are proposed to simplify the requirements for companies to hold annual general meetings (AGMs) and file annual returns:

- (a) align the timelines for holding AGMs and filing annual returns with the financial year end (FYE) i.e. listed companies and non-listed companies should hold their AGMs no later than the last day of the 4th month or 6th month after FYE respectively; and
- (b) exempt all private companies from holding AGMs subject to specified safeguards.

¹ MOF's and ACRA's public consultation document is at [http://www.mof.gov.sg/news-reader/articleid/1710/parentid/59/year/2016?category=Press Release](http://www.mof.gov.sg/news-reader/articleid/1710/parentid/59/year/2016?category=Press+Release).

² The Ministry of Law's public consultation document is at <https://www.mlaw.gov.sg/content/minlaw/en/news/press-releases/public-consultation-open-for-feedback-on-proposed-changes-to-sin.html>.

6. It is also proposed to remove the legal requirement for companies and limited liability partnerships (LLPs) to use common seals. Companies and LLPs can choose to retain the use of common seals based on business needs.

Proposed amendments to improve the transparency of companies and LLPs

7. The proposed amendments will require companies and LLPs to obtain and maintain beneficial ownership information, and to make the information available to law enforcement authorities upon request. The objective is to make the ownership and control of business entities more transparent. This will boost Singapore's on-going efforts to maintain our high corporate governance standards and strong reputation as a trusted and clean financial hub. It is also in line with international standards for combating money laundering, terrorism financing and other related threats to the integrity of the international financial system. The proposed legislative changes include the following:

- (a) require companies (except listed companies and Singapore financial institutions) and LLPs incorporated/ registered in Singapore to maintain registers of beneficial owners (referred to as controllers) at prescribed places (e.g. company's registered office or the registered filing agent's registered office);
- (b) require foreign companies registered in Singapore to maintain registers of beneficial owners (controllers) and public registers of shareholders;
- (c) require a liquidator to retain records of wound up companies and LLPs for five years instead of two;
- (d) remove the options for companies and LLPs to destroy records early if they are wound up by their members, partners or creditors;
- (e) require officers/ partners/ managers of struck off companies and LLPs to retain accounting records and registers of beneficial owners (controllers) for five years;
- (f) void the issuance and transfer of bearer shares and share warrants by foreign companies registered in Singapore; and
- (g) require nominee directors/ managers to disclose their nominee status and nominators to their companies/ LLPs.

Other proposed amendments

8. The Accountants Act will be amended to clarify that a breach of the Ethics Pronouncement 200 (EP200), which sets out mandatory anti-money laundering and countering the financing of terrorism requirements for professional accountants, is grounds for disciplinary action under the Act.

Public consultation details

9. 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_Public_Consultation@mof.gov.sg (preferred mode)

10. MOF and ACRA will publish a summary of the comments received and our responses. The summary will not disclose the identity of respondents, and will not separately address or acknowledge every comment received.

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MINISTRY OF FINANCE
ACCOUNTING AND CORPORATE REGULATORY AUTHORITY
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For media enquiries, please contact:

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About Ministry of Finance

The Ministry of Finance aims to advance the well-being and development of Singapore through Finance. The Ministry strives to achieve a balanced budget through prudent fiscal policy, foster a regulatory environment conducive to business and enterprise, ensure prudent investment of the Government's reserves and other public funds, and sets policies for government procurement, e-government, customs regulation, accounting standards and business regulation.

We achieve this together with our departments (Accountant-General's Department, Centre for Public Project Management, Singapore Customs and Vital.org – Centre for Shared Services), and statutory boards (Accounting & Corporate Regulatory Authority, Inland Revenue Authority of Singapore, Tote Board and Singapore Accountancy Commission).

For more information, please visit www.mof.gov.sg

About Accounting and Corporate Regulatory Authority

The Accounting and Corporate Regulatory Authority (ACRA) is the national regulator of business entities, public accountants and corporate service providers in Singapore. ACRA also facilitates the development of business entities and the public accountancy profession.

As a regulator and facilitator, ACRA constantly strives to provide a responsive and trusted regulatory environment for businesses, public accountants and corporate service providers and make Singapore the best and trusted place for doing business.

For more information, please visit www.acra.gov.sg

[Annexes and appendices]

- Annex 1 and appendix 1.1: Write-up and draft legislative amendments³ on annual general meetings and annual returns under paragraph 5
- Annex 2 and appendices 2.1 and 2.2: Write-up and draft legislative amendments³ on common seals under paragraph 6
- Annex 3 and appendix 3.1: Write-up and draft bill on the proposal for companies to maintain registers of beneficial owners (controllers) under paragraph 7a
- Annex 4: Write-up on the proposal for LLPs to maintain registers of beneficial owners under paragraph 7a and proposals under paragraphs 7b-7g and 8

³ To expedite the process, the public consultation is being conducted on the draft legislative amendments before they have been reviewed by the Attorney-General's Chambers (AGC). The legislative amendments may be subject to further changes after AGC's review.