

Singapore Implements Second Wave of Changes to Its Companies Act

January 2016

Singapore implemented the second and final wave of changes to its Companies legislation on 3 January 2016. These changes, introduced via the Companies (Amendment) Act 2014 are summarised below. Our summary of the phase one changes, made in 2015, is available [here](#).

Summary of Key Phase Two Changes, Effective 3 January 2016

1. No maximum age limit for directors

2. Directors' disclosure requirements extended to include Chief Executive Officers (CEOs)

CEOs of companies now have to make the same disclosures as Directors. This change is consistent with the approach already adopted for listed companies.

A CEO of a company is defined as any one (or more) person(s), by whatever name described, who is in direct employment of, or acting for or by arrangement with, the company; and is principally responsible for the management and conduct of the business of the company, or part of the business of the company.

3. Registrar able to debar Directors and Secretaries

To prevent irresponsible Directors and Secretaries from holding similar positions in other companies and to promote greater compliance with filing requirements, the Registrar is now empowered to debar any Director or Secretary of a company that has failed to lodge any documents three months or more after the prescribed deadlines. A debarred person cannot take on any new appointment as a Director or Secretary but may continue with existing appointments. The Registrar will lift the debarment when the default has been rectified or on other prescribed grounds.

4. Liberalising electronic transmission of notices and documents

The procedures for a company's use of electronic transmission have been reduced and made simpler to help companies save time and money. Companies may specify the means of electronic transmission in their constitution, including providing for electronic transmission of notices to be the default mode of communication with members.

5. Exemption from preparation of financial statements for dormant non-listed companies

A dormant non-listed company (other than a subsidiary of a listed company) is exempt from the requirement to prepare financial statements, if:

- (a) the company has been dormant from the time of formation or since the end of the previous financial year; and
- (b) the company fulfils the "substantial assets test", which is that the total assets of the company at any time within the financial year must not exceed \$500,000. For a parent company, the consolidated total assets of the group at any time within the financial year must not exceed \$500,000.

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6. ACRA will maintain the electronic register of Members for private companies

7. ACRA will maintain electronic registers of Directors, Secretaries, Auditors and CEOs, which will be considered definitive registers

8. Directors, Chief Executive Officers and Secretaries will be allowed to report an alternate address in place of their residential address

The amendment will allow an individual to reflect in ACRA's public records an alternate address at which he can be located, instead of his residential address. Safeguards will be in place to minimise fraudulent reporting and filing of invalid addresses. An address must satisfy certain legal conditions in order to be an alternate address.

9. Merging of memorandum and articles into a single document called the constitution

10. Update of striking off provisions for local companies

ACRA may approve the application for striking off a company if it has reasonable cause to believe that the company is not carrying on business and the company is able to satisfy the criteria for striking off. The previous three-month "show cause" period for a company to respond to a notification in the Gazette that it will be struck off, is reduced to 60 days.

An appeal to the Court against the striking off of a company must be made within six years (as opposed to 15 years previously).

An application may be made to the Registrar to administratively restore a company struck off by the Registrar, if no appeal to the Court has been made. The application must be made within six years of the dissolution of the company. Moreover, the Registrar will have new powers to restore a company struck off in error by the Registrar (this does not include errors made due to wrong, false or misleading information given by an applicant for the striking off of the company). Administrative restoration shortens the restoration period, for consistency with the limitation period for the recovery of debts and reduces costs for restoration.

The Act makes a clear distinction between the provisions for a company to apply to the Registrar for striking itself off and for striking off initiated by the Registrar. Procedures for the notification, publication and objection to the striking off will, however, be similar.

A full list of the phase one amendments can be found [here](#) and the list of phase two amendments can be found [here](#).

For further information on the amendments please contact [Jeanette Wong](#) or [Low Khee Chuan](#) in Trident Corporate Services Singapore or your usual Trident Trust representative.