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The newly adopted Companies (Amendment) Bill 2017 has effected some key amendments to the Companies Act (Chapter 50 of the 2006 Revised Edition):

- to reduce the regulatory and administrative burden on business entities and entrench Singapore as an attractive business hub;

- to improve transparency regarding the ownership and control of business entities and thus bring Singapore in line with international standards; and

- to improve the debt restructuring and corporate rescue framework in Singapore.

The main legislative changes in order to reduce the regulatory and administrative burden on business entities are described below.



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Following a public consultation exercise conducted jointly by the Ministry of Finance ("MOF") and the Accounting and Corporate Regulatory Authority ("ACRA") inviting public feedback on the proposed amendments to the Companies Act, the Companies (Amendment) Bill 2017 was passed in Parliament on 10 March 2017 (the "CAA 2017") and will be implemented in phases, with the first phase having taken effect on 31 March 2017.

Such amendments include:

(a) to remove the legal requirement to use common seals;

(b) to exempt all private companies from holding Annual General Meetings ("AGMs"), subject to specified safeguards; and

(c) to align the timelines for holding AGMs and filing Annual Returns ("ARs") with financial year end ("FYE").

REMOVE REQUIREMENT TO USE COMMON SEALS (with effect from 31 March 2017)

With the amendments to the Companies Act, the legal requirement to use common seals for execution of certain documents such as deeds and share certificates has been removed. As an alternative to executing such documents by affixation of common seal, the new provisions allow for the execution of such documents by signature on behalf of the company:

(a) by a director and a secretary of the company;

(b) by at least 2 directors of the company; or

(c) by a director of the company in the presence of a witness who attests the signature.

Note these amendments do not extend to foreign companies, which will still need to execute Singapore law deeds under seal.

Similar amendments are made to the Limited Liability Partnerships Act in relation to the use of common seals for limited liability partnerships.

Nonetheless, companies and limited liability partnerships may choose to retain the use of common seals based on their business needs.

EXEMPTION FROM HOLDING AGMs (targeted for implementation in early 2018)

Prior to the CAA 2017, private companies could only dispense with holding AGMs if all members had approved a resolution to dispense with holding AGMs, or if the company was a dormant relevant company as defined under the Companies Act. In addition, with the new amendments, private companies will be exempted from holding AGMs if:

(a) the company sends financial statements to its members within 5 months after FYE; and

(b) no member requests for an AGM to be held at least 14 calendar days before the last day of the 6th month after FYE.

Directors must hold an AGM within 6 months after the FYE on the request of any member made within the aforementioned deadline. The

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company will be able to seek the Registrar's approval for an extension of time to hold the AGM.

ALIGN TIMELINE FOR HOLDING AGMS AND FILING ARs (targeted for implementation in early 2018)

Currently, companies are required to hold their first AGM within 18 months of incorporation and subsequent AGMs are to be held yearly at intervals of not more than 15 months. Financial statements to be tabled at the AGM must be made up to a date within 4 months (for listed companies) or 6 months (for all other companies) before the AGM date. ARs are required to be filed within 30 days after the AGM (60 days if company has a share capital and keeps a branch register outside Singapore).

With the amendments to the Companies Act, the timelines for companies to hold AGMs and file ARs will be aligned with the company's FYE so the deadlines will be fixed to the same date every year. Companies will be able to apply for an extension of time to hold AGMs and/or file ARs, if required.

Listed Companies:

- AGMs: To hold AGMs within 4 months after FYE

- ARs: To file ARs within 5 months after FYE (6 months if the company has a share capital and keeps a branch register outside Singapore)

All other companies:

- AGMs: To hold AGMs within 6 months after FYE

- ARs: To file ARs within 7 months after FYE (8 months if the company has a share capital and keep a branch register outside Singapore)

With the aforementioned amendments, the following safeguards will also be put in place to prevent companies from arbitrarily changing their FYE:

(a) companies must notify the Registrar of their FYE upon incorporation and of any subsequent change thereto;

(b) approval of the Registrar is required if companies wish to change their FYE after having previously changed the FYE within the last 5 years;

(c) the duration of the financial year ("FY") must not be longer than 18 months in the year of incorporation or any year in which there is a change in FYE, unless allowed by the Registrar;

(d) companies may change their FYE for the current FY and for the previous FY, but any change in FYE for the previous FY will only be allowed before the expiry of the statutory deadlines for: (i) holding AGMs; (ii) filing ARs; and (iii) sending financial statements to shareholders;

(e) existing companies which were incorporated before the proposed amendments will have a FYE deemed by law:

(i) if the company had previously notified ACRA of its FYE date, that date is deemed by law to be the statutory FYE; and

(ii) for companies which had not previously notified ACRA of their FYE, the anniversary

of the date of incorporation will be deemed by law to be the statutory FYE; and

(f) companies with unusual FY periods (i.e. not 12 months) which will result in changes to the FYE every year, should notify ACRA in order to avoid applying for approval to change FYE every year.

More information on the legislative amendments (including the implementation timeline) can be found at https://www.acra.gov.sg/CA_2017/.



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