

PHASED IMPLEMENTATION OF COMPANIES (AMENDMENT) ACT

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Author and Contributor: Bill Jamieson and Manisha Rai

- ACRA releases an update on the implementation of the Companies (Amendment) Act
- 40% of changes to be implemented by 1 July 2015

The Accounting and Corporate Regulatory Authority of Singapore (“**ACRA**”) announced on 16 April 2015 that the Companies (Amendment) Act will be implemented in two-phased stages. The first stage will take effect on 1 July 2015, implementing more than 200 legislative amendments and the second phase, with the remaining amendments, is anticipated to come into effect in the first quarter of 2016. ACRA will provide 2 months’ notice before the implementation of the second phase.

The key amendments which will be implemented in July 2015 are:

1. Shareholders’ approval not required for payment of compensation up to a year’s emoluments to executive director for termination of his employment.
2. Relaxing conditions for nominee directors to disclose information to nominating shareholders.
3. Empowering the Court hearing a winding-up application to order a buy-out instead of ordering winding-up.
4. 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.
5. Extending the application of section 216A such that the statutory derivative action is applicable to Singapore-incorporated companies that are listed for a quotation or quoted on a securities market, whether in Singapore or overseas.
6. Allowing listed companies to make selected off-market acquisitions of shares in itself in accordance with an agreement authorised by the company.
7. Removal of a prohibition against financial assistance by private companies and introducing new exceptions to financial assistance.
8. Permitting use of capital for share issues and buybacks, brokerage, commissions.
9. Allowing companies to issue shares for no consideration.
10. Consolidating provisions relating to auditor independence under the Accountants Act.
11. Introduction of small company audit exemption.
12. Auditors of non-public interest company may resign upon giving notice to the company.
13. Auditors of public interest companies and their subsidiaries to obtain ACRA’s consent for premature resignation.
14. Determination of requirement to prepare consolidated financial statements to be determined by financial reporting standards and not the Companies Act.
15. Repeal of Companies Act requirement relating to the alignment of the financial year between parent and subsidiary.
16. Company secretaries of private companies need not be physically present at the company’s

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registered office.

17. Prescribing the requirements of a company secretary of a public company in regulations.
18. Abolition of transitional arrangements for share warrants.
19. Update limit on preferential payments to employees of insolvent companies.

If you would like to find out more about the Companies (Amendment) Act please refer to our CNPUpdate about the Companies (Amendment) Bill 2014 [here](#).

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