

COMPANIES ACT AMENDMENTS

The Companies (Amendment) Act 2014 changes are being introduced in two phases: the first set was implemented on 1 July 2015, and the second set is expected to take effect in January 2016. The key amendments are highlighted here (changes between current and previous legislation have been indicated in *italics*).

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Directors and officers

- An executive director can be compensated *without* shareholder approval under certain conditions.
- An officer or agent may not improperly use *his position* and information acquired by virtue of his position.
- A director would be automatically disqualified if he is convicted or has a civil penalty imposed upon him under the Securities and Futures Act.
- A shadow director is *clarified* to be one who controls all or the majority of the board.
- Board authorisation for the disclosure of information by nominee directors can be *general* or specific.
- Directors of public companies or their subsidiaries *are no longer* subject to age limit.
- Chief Executive Officers are *now required*, like directors, to disclose their interest in conflict of interest situations involving transactions and property and the holding of any office. Companies *can* indemnify its officers in respect of liability incurred by them to third parties.
- The Registrar *can make an order* against a director or secretary of a company who is in default of the Act debarring them from acting as director or secretary of any other company for the period of the debarment.
- Prohibitions relating to the provision of financial assistance to directors and director-related companies have been *extended* to include quasi-loans and credit transactions. *Shareholder approval may be obtained* to allow for such transactions with director-related companies.
- Directors/CEO/secretaries may report an *alternate address* instead of residential address in register.

Corporate finance

- *Share capital* can be used to cover expenses such as brokerage fees and commissions directly incurred in the issue of shares.
- Private companies who are not subsidiaries of public companies are *allowed* to provide financial assistance for acquisition of shares in itself or its holding company. Similarly, for public companies if no material prejudice conditions are being satisfied.
- Listed companies can now *also undertake* a selective off-market share buy-back.
- Public companies may now issue shares with *multiple voting rights* subject to conditions.

Audit and reporting

- A new category of "*small companies or groups*" has been *added*. Such companies and groups are exempted from audit (in place of exempt private companies) although member(s) holding not less than five per cent shareholdings or at least five per cent of the shareholders can demand an audit.
- *Directors* are obliged to ensure compliance in respect of summary financial statements.
- Directors' report accompanying the financial statements is *no longer required*.
- *Singapore Financial Reporting Standards* will determine the alignment of the financial year-end for a parent and its subsidiary.

Others

- The scope of statutory derivative action is *extended* to include arbitration and to Singapore incorporated companies listed here or overseas.
- A company's memorandum and articles of association are *now combined* into one document – the company's constitution.
- Members who are relevant intermediaries (as defined in the Act) are permitted to appoint *more than two proxies*. ■