

ACRA'S RESPONSES TO PUBLIC CONSULTATIONS ON PROPOSALS RELATING TO THE UPDATING OF REGULATORY REQUIREMENTS

S/N	Proposal in policy consultation	Feedback	ACRA's response
Chapter 3 Companies Act Working Group ("CAWG") recommendations – Matters relating to directors and company secretaries			
1	The prohibition disallowing a sole director of a company to be appointed as the company secretary should be removed. (CAWG Recommendation 3.2)	The feedback was split. The respondents who disagreed were concerned that removing the prohibition may result in compliance and governance issues.	To proceed without modification. We agree with the CAWG that this could help reduce compliance burden for smaller companies. To safeguard against compliance and governance issues, a sole director acting as company secretary must demonstrate the requisite knowledge and experience to be a company secretary. Directors will still continue to be liable for company affairs, including complying with regulations.
Chapter 4 CAWG recommendations – Safeguarding shareholders' interests			
2	Section 74 of the CA should be amended to mandate that a variation or abrogation of class rights must be approved by at least 75% of the class-rights holders, unless the constitution of the company states otherwise. (CAWG Recommendation 4.1)	The feedback was supportive.	To proceed without modification.

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3	The 5% threshold that applies to the right to apply to court to cancel a variation or abrogation of class rights pursuant to section 74(1) of the CA should be retained. (CAWG Recommendation 4.2)	The feedback was largely supportive, although some respondents were of the view that the proposal should not be proceeded with, given that (i) the right for the minority shareholders to cancel a variation or abrogation of class rights seems inconsistent with the will of the majority; and (ii) if there were any issues with the variation of class rights, minority shareholders can rely on section 392 of the CA to challenge the validity of any decision.	To proceed without modification. In making Recommendation 4.2, the CAWG recognised that the right to take action against oppression of the majority shareholders already existed at common law, and even a single shareholder could bring an action to Court against oppression. That said, the CAWG took the view that the 5% threshold would provide clarity, was consistent with the percentage to determine a substantial shareholding, and therefore would be an appropriate threshold at which an objection could be brought to Court.
4	Two tiers of approval by both the shareholders of the company and the shareholders of a class of shares should be required for selective buybacks within that class of shares under section 76D of the CA. (CAWG Recommendation 4.5)	The feedback was supportive.	To proceed without modification.
Chapter 6 CAWG recommendations – Other recommendations			
5	The requirement to lodge a statement in lieu of prospectus under the circumstances prescribed in the CA	The feedback was supportive.	To proceed without modification.

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	should be abolished. (CAWG Recommendation 6.1)		
6	<p>In relation to the striking off regime, to make amendments to —</p> <p>a. remove the requirement that the <i>Gazette</i> notice can only be published after 30 days of the letter to the entity; and</p> <p>b. allow the Registrar to publish the <i>Gazette</i> notice as early as the next day after the letter is sent (regardless of the mode of delivery).</p>	<p>The feedback was fully supportive of the proposal for voluntary striking off, and largely supportive for ACRA-initiated striking off.</p> <p>One of the respondents mentioned that allowing the Registrar to publish the <i>Gazette</i> notice as early as the next day after the striking off notice is sent could deprive position holders of entities which ACRA initiated striking off of the opportunity to react to the striking off notice, prior to the publishing of the <i>Gazette</i> notice. The same respondent called on ACRA to consider maintaining a notice period, even if it is a reduced one.</p>	<p>To proceed with slight modification. ACRA has considered the feedback and has decided to reduce the notice period for ACRA-initiated striking off from the current 30 days to 15 days.</p> <p>There will be no change to the proposed period for voluntary striking off (i.e. the <i>Gazette</i> notice can be published as early as the next day after the striking off notice is sent).</p>
7	Clarify the date that the Registrar strikes a company off the register, or restores the company's name to the register, such that it coincides with the date indicated in ACRA's BizFile system instead of the date published in the <i>Gazette</i> .	The feedback was supportive.	To proceed without modification.

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8	To make amendments to clarify that section 344(5) of the CA applies to companies etc which have been voluntarily struck-off as well as struck-off on ACRA's initiative.	The feedback was supportive.	To proceed without modification.
9	Remove the requirements for public companies limited by shares to hold statutory meetings and their directors to forward a statutory report to members prior to the meeting.	The feedback was supportive.	To proceed without modification.
10	To allow holders of options or convertible securities issued on or before the date of the offer who exercise their conversion rights prior to the date of the notice of compulsory acquisition to express their approval or disapproval of the offer by having their shares count towards the 90% threshold.	The feedback was supportive.	To proceed without modification.
11	To require all directors disqualified under the CA to notify their companies of their disqualification; and allow all disqualified directors to notify the Registrar if they have reasonable cause to believe that their companies would not do so.	The feedback was supportive.	To proceed without modification.

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12	<p>a. To grant the Registrar the power to exempt a company from compliance with any or all of the requirements in the Accounting Standards and require the company to comply with other accounting standards.</p> <p>b. To grant the Minister the power to exempt by order published in the <i>Gazette</i> a specified class or description of companies from compliance of the financial statements or consolidated financial statements with any or all of the requirements of the Accounting Standards and require the companies of the specified class or description to comply with other accounting standards.</p>	<p>The feedback was supportive. Some respondents sought clarifications relating to the implementation of the proposal, which do not affect their support of the proposals, e.g. the circumstances that the Registrar would allow the use of foreign accounting standards, and the foreign accounting standards that may be allowed.</p>	<p>a. To proceed with slight modification. The proposed amendment will grant the Registrar the power to exempt a company from compliance with any or all of the requirements of the Accounting Standards on a case-by-case basis taking into consideration the applicability of other accounting standards</p> <p>b. To proceed without modification.</p>
13	<p>To introduce a new provision in the ACRA Act to standardise and consolidate the provisions in the various ACRA-administered legislation relating to the service of summonses and other originating civil process. The proposed provision is to be based on section 48A of the Interpretation Act 1965 (with appropriate modifications). It would apply to all documents, including</p>	<p>The feedback was largely supportive. One corporate service provider objected to service on companies through delivering the summons to the company secretary.</p>	<p>To review further. ACRA will be reviewing the proposal further, as ACRA has received further feedback on alignment of the proposal with other legislation.</p>

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	summons and other originating process (for civil proceedings), that are required to be served on an individual or an entity. The service provision will also provide that service by registered post can be proved by admission of an affidavit of service made before a person authorized to administer an oath or affirmation (similar to section 119 of the Criminal Procedure Code 2010).		
14	To remove the requirement in section 27(9)(a)-(b) of the CA for a full-stop at the end of the abbreviations "Pte" and "Ltd" contained in the name of a company.	The feedback was supportive.	To proceed without modification.
15	To make amendments so that all composition sums collected by the Registrar under the Limited Liability Partnerships Act 2005 and the Limited Partnerships Act 2008 shall be paid into the Consolidated Fund.	The feedback was supportive.	To proceed without modification.
Amendments to the AA			
16	To allow the Registrar to approve applications to be a public accountant instead of the Oversight Committee.	The feedback was largely supportive. One respondent suggested that the Registrar consider how he/she could support the Oversight Committee in	To proceed with modification. The proposed amendments will empower the Registrar to support the Oversight Committee in deciding on the

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		approving the applications to be a public accountant, instead of taking over the role of the approver.	applications for, and renewal of, the registration of a public accountant that meet the prescribed requirements. The Oversight Committee will decide on the exemptions from the registration requirements and applications for, and renewal of, registration of a public accountant that do not meet the "fit and proper" requirements.
17	To clarify the circumstances under which the Oversight Committee may impose conditions upon a public accountant's registration and renewal.	The feedback was largely supportive. One respondent was of the view that instead of imposing additional conditions on a public accountant's registration and renewal, the public accountant could perhaps be subjected to an accelerated Practice Monitoring Programme. Another respondent suggested that conditions should be imposed only for applicants who have exited the profession (i.e. no longer on the Register of Public Accountants) and who wish to apply to be Public Accountants again.	To proceed without modification. The proposed amendments will provide greater clarity on when and how conditions may be imposed by the Oversight Committee on registration and renewal.
18	To extend the professional indemnity insurance requirements currently applicable to accounting corporations and accounting limited liability partnerships to accounting firms.	The feedback was supportive.	To proceed without modification.