

# IMPLEMENTATION OF THE CLRFC RECOMMENDATIONS



In October 2002, the Singapore Government accepted all 77 recommendations made by the Company Legislation and Regulatory Framework Committee (“CLRFC”). Since then, there have been several legislative enactments and notices bringing different recommendations into effect.

In this pull-out guide to the recommendations, our KM team has pulled together all the various enactments, rulings and notices to provide you with a simple chart to find out which recommendations are in force as at 15 March 2004; the relevant statutory provision or government notice giving effect to it and its effective date of operation. We hope you find it useful.

## KEY

1. **Co. Act** – Companies Act
2. **Co. (Amdt) Bill** – Companies (Amendment) Bill
3. **Co. (Amdt) Act** – Companies (Amendment) Act
4. **Tble of Der, Co. (Amdt) Bill** – Table of Derivations, Companies (Amendment) Bill
5. **2nd Reading, Co. (Amdt) Bill** – Second Reading in Parliament, Companies (Amendment) Bill
6. **ES, Co. (Amdt) Bill** – Explanatory Statement, Companies (Amendment) Bill
7. **SFA** – Securities and Futures Act
8. **SFA (Amdt)** – Securities and Futures (Amendment) Act
9. **RCB PD** – Registry of Companies and Businesses Practice Direction

## CHAPTER 1: BUSINESS VEHICLES AND SMALL BUSINESS

Recommendations	Relevant Provisions	Amended By/Source	Pending	Comments/Remarks
1.1 – To introduce the limited partnership (modelled after the UK Limited Partnerships Act 1907) and the limited liability partnership modelled after Title 6, Chapter 15 Subchapter X (Limited Liability Partnerships) of the Delaware Code with a conversion by registration process.			<b>Consultation stage</b>	The Ministry of Finance has set up a Study Team on Limited Partnerships (“LPs”) and Limited Liability Partnerships (“LLPs”). Consultation papers on LP and LLP were available for public feedback from 18.06.03 to 31.07.03.
1.2 – Trust Companies Act (Cap. 336) to be reviewed and updated to ensure our rules are in line with international developments and trends.	<b>No change</b>			
1.3 – Further consideration be given to the introduction of Protected Cell Companies for insurance, securitisation and funds.	<b>No change</b>			
1.4 – As the current exempt private company concept is adequate for the needs of small business, the CLRFC takes the view that it is unnecessary either to prescribe a separate regime for or provide a statutory definition for “small business” in Singapore.	<b>No change</b>			
1.5 – To delete Section 18(1)(c) and Section 18(1)(d) of the Companies Act. This would allow private companies to raise capital through private and exempted offerings without uncertainty or the need to convert to public companies unless they exceed the remaining criteria in Section 18(1) of the Companies Act.	<b>Amended S. 18, Co. Act</b>	<b>Co. (Amdt) Act 5/2004 (not yet in force)</b>		
1.6 – To adopt the UK regime, which empowers the Registrar of Companies and Businesses to direct a change of name on its own initiative or upon receipt of valid complaints that are filed within 12 months of incorporation.	<b>Amended S. 144, Co. Act</b>	<b>Co. (Amdt) Act 5/2004 (not yet in force)</b>		
1.7 – To consolidate the current set of forms required for incorporation into one form that is electronically submitted to the Registry of Companies and Businesses.		<b>Since 2002</b>		
1.8 – To dispense with the need for a director to give his consent in writing and for the form to be signed before a defined professional. The director would indicate his consent electronically by using his CPF PAL-PIN or RCB PIN, which would serve as a secure and unique verification of his identity. For directors who elect to go through professional agents, it shall be the duty of these agents to verify and confirm the identities, qualifications and consent of these persons.		<b>RCB PD No. 6/2002 dated 11.11.02 (with immediate effect)</b>		Company directors can lodge documents on behalf of their companies using SingPass.
1.9 – To allow company secretaries to signify their consent to the Registry of Companies and Businesses electronically. The company secretary would use his CPF PAL-PIN or RCB PIN as a secure and unique verification of his identity. For companies that are incorporated by professional agents, it shall be the duty of the agents to verify and confirm the identities, qualifications and consents of the company secretaries.		<b>RCB PD No. 6/2002 dated 11.11.02 (with immediate effect)</b>		Company secretaries can lodge documents on behalf of their companies using SingPass.

## CHAPTER 1: BUSINESS VEHICLES AND SMALL BUSINESS

Recommendations	Relevant Provisions	Amended By/Source	Pending	Comments/Remarks
<p><b>1.10</b> – To abolish the <i>ultra vires</i> doctrine. A company should be statutorily conferred with all the powers of a natural person. However, the <i>ultra vires</i> doctrine would be retained for the limited purpose of preserving the rights of internal redress by members against the directors, where the company's constitution places limits on a company's capacity and powers. It is proposed that Singapore adopt, with appropriate modifications, Sections 7 and 8 of the New Zealand Law Commission's Company Law Reform and Restatement Draft Companies Act. The replacement of the Memorandum and Articles of Association with a default constitution, modelled after the proposed constitution that would be adopted in the UK, is also recommended.</p>	<p><b>Amended S. 23(1), Co. Act</b></p>	<p><b>Co. (Amdt) Act 5/2004 (not yet in force)</b></p>		<p>Amendment to S. 23(1), Co. Act derived from S. 16 of the New Zealand Companies Act 1993. [Tble of Der, Co. (Amdt) Bill 3/2004]</p>
<p><b>1.11</b> – All private companies incorporated in Singapore to be required to have at least one shareholder and one director who is ordinarily resident in Singapore. The shareholder and director can be the same person.</p>	<p><b>New S. 20A, S. 145(7) – (10), Co. Act</b></p>	<p><b>Co. (Amdt) Act 5/2004 (not yet in force)</b></p>		<p>S. 20A, Co. Act derived from S. 114 of the Australian Corporations Act 2001. [Tble of Der, Co. (Amdt) Bill 3/2004]</p>
<p><b>1.12</b> – All private companies to be required to give at least 14 days' notice for all meetings, including those called to propose special resolutions. To retain for all companies the existing 28 days' notice requirement for meetings called in order to propose resolutions requiring special notifications.</p>	<p><b>Amended S. 184, Retained S. 185, Co. Act</b></p>	<p><b>Co. (Amdt) Act 8/2003 w.e.f. 15.05.03</b></p>		<p>S. 184 amended by repealing and re-enacting subsection (1) and rephrasing subsection (2) to give effect to the recommendations.</p>
<p><b>1.13</b> – Written resolutions in private companies may be passed with 75% and 50% majorities of those eligible to vote for special and ordinary resolutions respectively. In addition, legislation should be enacted to allow written resolutions to be passed through various forms of electronic communication. As a safeguard, the CLRFC further recommends that a minimum threshold of shareholders (representing at least 5% of the outstanding ordinary shares) can, by written notice, demand that a general meeting be convened.</p>	<p><b>Amended S. 183, New S. 173A, S. 184A – 184F, Co. Act</b></p>	<p><b>Co. (Amdt) Act 8/2003 w.e.f. 15.05.03</b></p>		
<p><b>1.14</b> – No change to the rule under Section 161 of the Companies Act that requires shareholders' authorisation for directors to allot shares.</p>	<p><b>No change</b></p>			
<p><b>1.15</b> – To affirm and restate the importance of corporate secretarial functions. All companies continue to be required by law to appoint company secretaries. However, private companies to be exempted from the statutory prescription to appoint professionally qualified company secretaries.</p>	<p><b>Amended S. 171(1B), Repealed S. 171(1A), New S. 171(1A), (1AA) &amp; (1AB), Co. Act</b></p>	<p><b>Co. (Amdt) Act 8/2003 w.e.f. 15.05.03</b></p>		

CHAPTER 1: BUSINESS VEHICLES AND SMALL BUSINESS				
Recommendations	Relevant Provisions	Amended By/Source	Pending	Comments/Remarks
1.16 – To retain the requirement for companies to continue to maintain proper accounting and other records which will sufficiently explain their transactions and financial position. In addition, the law will continue to require all companies to prepare true and fair financial statements.	No change			
1.17 – Listed companies should be required to produce an Operating and Financial Review, the contents of which would be prescribed by the Council on Corporate Disclosure and Governance and the Singapore Exchange. The CLRFC further recommends that for all unlisted companies, the statutory requirement for the directors' report [as prescribed by Sections 201(5) and 201(6) of the Companies Act] should be repealed and replaced with a requirement to submit a modified form of the Operating and Financial Review. This modified form of the Operating and Financial Review would include directors' statements relating to the true and fair view of the accounts and the company's ability to meet its debts as and when they fall due.		Guide for the Operating and Financial Review for listed companies, issued by the Council on Corporate Disclosure and Governance on 15.01.04		Recommendation partially adopted.
1.18 – Exempt private companies with annual turnover below S\$5 million and dormant companies to be exempted from preparing or filing audited accounts. The turnover threshold can be raised over time. The CLRFC further recommends that shareholders representing at least 5% of the outstanding ordinary shares be entitled to require such companies to prepare audited accounts. The Registrar of Companies and Businesses should also be empowered to require a company to submit audited accounts.	Amended S. 201A, New S. 205A – 205D, Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		Statutory audit for dormant companies serves no purpose and imposes unnecessary costs. The removal of the statutory audit requirements is in line with the practices in UK and Hong Kong. [2nd Reading, Co. (Amdt) Bill 3/2003, 24.04.03] For small exempt private companies, it makes sense to leave audit as a business decision as there is no public interest at stake. [2nd Reading, Co. (Amdt) Bill 3/2003, 24.04.03] Adequate safeguards are in place as all companies must maintain proper accounting records and prepare "true and fair" financial statements that comply with prescribed accounting standards. [2nd Reading, Co. (Amdt) Bill 3/2003, 24.04.03]
1.19 – Exempt private companies to file a declaration of solvency every year. The declaration would be signed by one director who is authorised to do so for and on behalf of the whole Board, failing which a set of unaudited accounts must be filed.	New S. 205C, Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		
1.20 – That Singapore move towards an entirely electronic filing system, which would include the maintenance of publicly accessible corporate registers.		RCB PD No. 1/2003 dated 07.01.03 w.e.f. 13.01.03		
1.21 – To retain the existing time frames for all companies, which have either been struck-off the register or wound-up, to submit their reinstatement applications.	No change			

## CHAPTER 2: CAPITAL RAISING, CAPITAL MAINTENANCE AND COMPANY CHARGES

Recommendations	Relevant Provisions	Amended By/Source	Pending	Comments/Remarks
2.1 – The existing boundaries between public and private offerings to be replaced by an approach which requires a full prospectus for all offerings of securities, unless the offering is an exempted offering. A comprehensive list of exemptions or “safe harbours”, which comprises the existing universe of exempted offerings as well as private offerings, should be provided. The Minister or the Monetary Authority of Singapore should be empowered to prescribe further exemptions for other forms of capital raising which merit exemption. There should be no prescribed prospectus content and registration requirements for offerings of securities that fall within the list of exemptions or “safe harbours”.			Consultation stage (2nd Phase)	
2.2 – To abolish the abridged prospectus and replace it with a common standard filing, which would be required for rights and other similar offerings regulated by a statement of material facts.	Amended S. 256, SFA	SFA (Amdt) 16/2003 w.e.f. 22.12.03		Replacement of abridged prospectus requirement for renounceable rights issue with a requirement to lodge an offer information statement. Detailed guidelines on the offer information statement are set out in the Securities and Futures (Offers of Investments) (Shares and Debentures) (Amendment) Regulations 2003 (S 542/03).
2.3 – All the exemptions relating to offers of shares and debentures to be extended to collective investment schemes, without additional prescription, save for investments where clearly identifiable public interests justify additional prescription.	Amended S. 305, Repealed S. 304, New S. 304A & S. 305A, SFA	SFA (Amdt) 16/2003 w.e.f. 22.12.03		
2.4 – Section 273(1)(a) of the Securities and Futures Act to be extended to exempt offer documents made in connection with a takeover offer which is in compliance with the applicable laws of the country of incorporation of the target company.	Repealed S. 273, New S. 273, SFA	SFA (Amdt) 16/2003 w.e.f. 22.12.03		
2.5 – Section 273(1)(b) of the Securities and Futures Act to be extended to exempt the following issues of covered warrants from prospectus requirements: (a) Primary issues of listed covered warrants over securities listed on the Singapore Exchange. The Singapore Exchange should be the agency to prescribe the disclosure requirements for listed covered warrants. (b) Issues of listed covered warrants where the underlying securities are previously issued and listed on recognised international exchanges. The Singapore Exchange should be the agency to determine the disclosure requirements and appropriate access arrangements for Singapore investors of information relating to the underlying securities. Issue and trading of unlisted covered warrants by regulated financial institutions should continue to be unregulated by statute.	New S. 273, SFA, Amended SGX Listing Rule 505	SFA (Amdt) 16/2003 w.e.f. 22.12.03, SGX notification w.e.f. 02.01.04		

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Recommendations	Relevant Provisions	Amended By/Source	Pending	Comments/Remarks
2.6 – To extend the exemption under Section 273(1)(c) of the Securities and Futures Act to offers of securities by a company to <i>bona fide</i> employees or former employees of the company or a company in the same group or the wife, husband, widow, widower or child or stepchild under the age of 18 of such employee or former employee.	New S. 273(1)(f), SFA	SFA (Amdt) 16/2003 w.e.f. 22.12.03		
2.7 – To repeal Section 256 of the Securities and Futures Act. Rights issues by listed issuers would have to comply with Section 277 of the Securities and Futures Act and a statement of material facts must be issued.	Amended S. 256, Repealed S. 277, New S. 277, SFA	SFA (Amdt) 16/2003 w.e.f. 22.12.03		
2.8 – To retain the existing exemptions in Section 274 and Section 275 of the Securities and Futures Act. The current requirement to lodge the information memoranda and Form 3 with the Monetary Authority of Singapore should be dispensed with.	Amended S. 275, Repealed S. 274 & S. 280, New S. 274, SFA	SFA (Amdt) 16/2003 w.e.f. 22.12.03		S 274 provides a new list of exemptions.
2.9 – Offers exempted under Section 273(3) of the Securities and Futures Act should not be required to file a notice to invoke the exemption. To repeal Sections 280(2) – (5) of the Securities and Futures Act. Issuers invoking the exemption under Section 273(3) of the Securities and Futures Act need not maintain a register of such issues.	Repealed S. 273 & S. 280, New S. 273, SFA	SFA (Amdt) 16/2003 w.e.f. 22.12.03		
2.10 – To introduce a private placement exemption for offers to up to 20 pre-identified offerees to raise unlimited funds without any statutorily prescribed prospectus content or filing, and without resale restrictions. The Minister should be empowered to raise the threshold number of pre-identified offerees when appropriate.			Consultation stage (2nd Phase)	
2.11 – To introduce a small offering exemption for offers of up to S\$5 million (computed based on the funds raised) in 12 months to offerees who have: (a) previous contact with the person making the offer; or (b) some professional or other connection with the person making the offer; or (c) indicated that they are interested in offers of that kind through some statements of actions. Resale restrictions should be imposed for six months after the allotment or purchase of securities made pursuant to the small offering exemption to confine such resales to persons who have similar relationships with the offeror. Any offering materials must include a statement on the front cover of the offering materials to notify offerees that the shares or debentures are being offered pursuant to the small offering exemption.			Consultation stage (2nd Phase)	
2.12 – To repeal Section 244 of the Securities and Futures Act and to clarify in Section 4A of the Banking Act that corporate debt issues which comply with or are exempted under the Securities and Futures Act do not constitute deposit taking. The Securities and Futures Act should clarify that deposits with banks are not “debentures” for the purposes of Part XIII of the Securities and Futures Act.	Amended S. 239, Repealed S. 244, SFA	SFA (Amdt) 16/2003 w.e.f. 22.12.03		S. 239 now clarifies that deposits are not “debentures”.

## CHAPTER 2: CAPITAL RAISING, CAPITAL MAINTENANCE AND COMPANY CHARGES

Recommendations	Relevant Provisions	Amended By/Source	Pending	Comments/Remarks
2.13 – To remove the statutory requirements pertaining to the appointment of trustees and prescribed covenants for public offerings of debentures. The requirements on the appointment of trustees, the duties of the trustees and the contents of the trust deed would be prescribed by Singapore Exchange Securities Trading Limited. The Securities and Futures Act should continue to address the liabilities of trustees where they are appointed. In addition, the Securities and Futures Act should be extended to confer the rights on the Monetary Authority of Singapore, the Singapore Exchange Securities Trading Limited and debenture holders to apply to the court to compel a trustee to perform his duties as set out in the trust deed. To retain Section 267 of the Securities and Futures Act, which would allow a trustee to apply to the court for directions.	<b>Repealed S. 262, S. 263, S. 264 &amp; S. 266(1), Retained S. 267, SFA, Amended SGX Listing Rule 308</b>	<b>SFA (Amdt) 16/2003 w.e.f. 22.12.03, SGX notification w.e.f. 02.01.04</b>		
2.14 – To reconsider the efficacy of enacting the IOSCO's Disclosure Standards into statutory form in the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2002. Alternatively, the Monetary Authority of Singapore could consider issuing practice guidelines which will provide class adaptations and waivers to cater for small and medium size listings and public offerings.	<b>No change</b>			
2.15 – To retain the prospectus registration process, but to streamline the process such that directors need not sign and file Form 45 along with the prospectus registration.	<b>No change</b>			
2.16 – To permit subsequent sales of shares or debentures (both listed and unlisted), which are first acquired pursuant to the Sections 274 and 275 exemptions in the Securities and Futures Act, at any time after six months from the date of initial acquisition. During the six-month restriction period, the shares or debentures can only be sold to institutional investors and sophisticated investors.	<b>Amended S. 276(3) &amp; S. 276(4), SFA</b>	<b>SFA (Amdt) 16/2003 w.e.f. 22.12.03</b>		
2.17 – To permit the secondary trading of collective investment schemes, which are initially acquired pursuant to an exemption under the Securities and Futures Act to institutional and sophisticated investors.	<b>New S. 304A, SFA</b>	<b>SFA (Amdt) 16/2003 w.e.f. 22.12.03</b>		
2.18 – To abolish the concepts of par value and authorised share capital. The amounts standing to the credit of the share premium account should be made available to provide the premium payable on redemption of debentures or redeemable preference shares issued, to write off preliminary expenses of the company incurred before, and to write off expenses incurred, payments made or discounts allowed on or before the abolition of par value.				Proposed new S. 62A, Co. Act in Draft Co. (Amdt No.2) Bill 2003. Excluded from Co. (Amdt) Act 5/2004.

## CHAPTER 2: CAPITAL RAISING, CAPITAL MAINTENANCE AND COMPANY CHARGES

Recommendations	Relevant Provisions	Amended By/Source	Pending	Comments/Remarks
<p>2.19 – To introduce an alternative capital reduction process which does not require court sanction. The alternative capital reduction process would require shareholders’ special resolution approval as well as a declaration of solvency. Where a company’s accounts are not audited, the directors would be required to make a statutory declaration of solvency. Where a company’s accounts are audited, the solvency declaration, if not made by a statutory declaration, should be confirmed by external auditors. For public companies, the alternative capital reduction process would further require publication of a notice (in advance of the proposed capital reduction) in a national newspaper and making available for public inspection the shareholders’ resolution and solvency statement and be susceptible to creditor challenge in court.</p>				Proposed repeal of S. 73, Co. Act and proposed new Div 3A, Co. Act in Draft Co. (Amdt No. 2) Bill 2003. Excluded from Co. (Amdt) Act 5/2004.
<p>2.20 – Council on Corporate Disclosure and Governance to review the accounting standards and rules to limit distributions to be made only out of accumulated realised gains minus accumulated realised losses. This is in the light of international developments moving away from the concept of “realised profits”.</p>	No change			The Council on Corporate Disclosure and Governance will prescribe accounting standards in Singapore.
<p>2.21 – To further liberalise our financial assistance restrictions by allowing financial assistance to be provided in the following circumstances:</p> <p>(a) Where less than 10% of the company’s paid-up capital is involved;</p> <p>(b) Where it is approved by a unanimous resolution of shareholders;</p> <p>(c) Under specific exemptions for financial institutions and approved employee share schemes; and</p> <p>(d) For representations, warranties and indemnities by an issuer or a vendor in the context of a public offering.</p> <p>For purposes of (a) and (b), where a company’s accounts are not audited, the directors would be required to make a statutory declaration of solvency. Where a company’s accounts are audited, the solvency declaration, if not made by a statutory declaration, should be confirmed by external auditors.</p>				Proposed in Draft Co. (Amdt No.2) Bill 2003. Excluded from Co. (Amdt) Act 5/2004.
<p>2.22 – Share buy-backs should continue to be funded out of distributable profits or where supported by a declaration of solvency.</p>	Amended S. 76F, Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		
<p>2.23 – To allow repurchased and redeemed shares to be held in treasury without the need for the company to obtain shareholders’ approval on how the repurchased and redeemed shares would be treated after the share buy-back. Their voting and other rights of the repurchased and redeemed shares would be suspended so long as they are held in treasury. Companies should be permitted to use treasury shares to meet their obligations under employee share option schemes, transfer to third parties to fund acquisitions or to raise cash.</p>				Proposed in Draft Co. (Amdt No.2) Bill 2003. Excluded from Co. (Amdt) Act 5/2004.
<p>2.24 – To allow companies to enter into contingent contracts to buy-back their shares, where such entry is approved in a special resolution by the companies’ shareholders.</p>	New S. 76DA, Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		S. 76DA is derived from S. 165 of the UK Companies Act 1985. [Tble of Der Co (Amdt) Bill 3/2003].
<p>2.25 – To retain the statutory prescription of one-share-one-vote for public companies. All private companies, including subsidiaries of public companies, should be permitted to issue different classes of equity shares with multiple, limited or no voting rights.</p>	Amended S. 64(5), Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		Partial adoption of recommendation. Statutory prescription in S. 64, Co. Act retained. S.64(5) amended to state applicable only to public companies with share capital.

CHAPTER 3: CORPORATE GOVERNANCE				
Recommendations	Relevant Provisions	Amended By/Source	Pending	Comments/Remarks
3.1 – To repeal the separate definitions of “director” and “shadow director” in Sections 149(8) and 149A of the Companies Act.	Amended S. 149(8) & 149A, Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		
3.2 – To migrate Section 201B of the Companies Act relating to audit committees of listed companies to the Securities and Futures Act.	Amended S. 201B, Co. Act	Co. (Amdt) Act 3/2004 (not yet in force)		Clause 46 of Co. (Amdt) Bill 3/2004 made technical amendments to S. 201B, Co. Act. [ES, Co. (Amdt) Bill 3/2004].
3.3 – The Singapore Institute of Directors, in consultation with the Singapore Exchange, conduct more extensive and systematic training and accreditation for directors in Singapore.	No change			
3.4 – To retain Section 153 of the Companies Act, which requires directors of public companies and subsidiaries of public companies to seek annual reappointment if they are of or above the age of 70 years. To amend the re-election requirements to provide for such appointment by way of an ordinary resolution as opposed to a special resolution.	Amended S. 153(6), Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		
3.5 – To file a copy of the Court order or the Official Assignee’s written permission to undischarged bankrupts to serve as directors or be involved in the management of companies under Section 148(3) of the Companies Act with the Registry of Companies and Businesses.	Amended S. 148, Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		
3.6 – To adopt UK’s statutory restatement of the general principles for directors, subject to adaptation to suit Singapore’s context.	No change			
3.7 – Directors to be accorded protection for reasonable reliance on advice and information from professionals and experts along the lines of the Section 107 of the New Zealand draft legislation.	New S. 157C, Co. Act	Co. (Amdt) Act 5/2004 (not yet in force)		S. 157C, Co. Act derived from S. 138 of the New Zealand Companies Act 1993. [Tble of Der, Co. (Amdt) Bill 3/2004]
3.8 – A summary account of directors’ duties and liabilities to be inscribed on the director’s consent to act.	No change			
3.9 – To extend the scope of Section 156 of the Companies Act beyond “contracts” to include “transactions”. The definition of “family” in Section 156(8) of the Companies Act should be aligned to the definition provided in Section 163(5) of the Companies Act.	Amended S. 156, Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		
3.10 – No change to Section 168 of the Companies Act and affirmation of requirement for single item disclosure for shareholder approval of the provision or improvement of emoluments to directors under Section 169 of the Companies Act.	No change			
3.11 – To amend Section 162(1)(b) of the Companies Act to clarify that the housing loan permitted thereunder be confined to the home occupied or to be occupied by the director, and should not be extended to housing loans for multiple homes or for investment.	Repealed S. 162(1)b, New S. 162(1)(b), Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		
3.12 – To recognise the position of nominee directors by permitting them to disclose information to their nominating shareholder, provided it does not put the interests of the company in jeopardy and that such disclosure is minuted in the relevant board minutes.	New S. 158, Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		Adapted from S. 145 of the New Zealand Companies Act 1993. [Tble of Der, Co. (Amdt) Bill 3/2003]

## CHAPTER 3: CORPORATE GOVERNANCE

Recommendations	Relevant Provisions	Amended By/Source	Pending	Comments/Remarks
3.13 – To update Section 172 of the Companies Act to incorporate the extended coverage offered in Section 310 of the UK Companies Act 1985. To replace Section 391 of the Companies Act with Section 727 of the UK Companies Act 1985 and to redraft the definition of “liability” in the context of Section 391 of the Companies Act to include a liability to account for profits made.	Amended S. 172, New S. 391(1A), Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		S. 172(2) amended to extend the coverage of indemnity by deleting subsection (2)(a)(i) and rephrasing subsection (2)(b)(ii). Derived from S. 310(3) of the United Kingdom Companies Act 1985. [Tble of Der, Co. (Amdt) Bill 3/2003]. S. 391(1A) inserted to redefine the term “liability”. Derived from Section 727 of the United Kingdom Companies Act 1985. [Tble of Der, Co. (Amdt) Bill No.3/2003].
3.14 – To conduct an overall review of the Companies Act with a view to eliminating criminal sanctions for such areas where civil or regulatory sanctions are sufficient. To adopt in Singapore the UK codification of civil remedies when released, subject to adaptation.	No change			
3.15 – A statutory restatement of the distribution of powers between directors and general meeting along the lines of Section 198A of the Australian Corporations Act 2001.	New S. 157A, Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		Recommendation adopted in full. Derived from S. 198A of the Australian Corporations Act 2002. [Tble of Der, Co. (Amdt) Bill 3/2003].
3.16 – To adopt the recommendation in the UK Steering Committee’s Final Report to statutorily impose limits on majority rule in the context of alterations of the articles of association or alteration of class rights. Shareholder resolutions to ratify or condone wrongs are to be effective, provided that the votes of members with an interest or subject to the substantial influence by a person with an interest in the wrong have been discounted.	New S. 26A, Co. Act	Co. (Amdt) Act 5/2004 (not yet in force)		S. 26A derived from Clause 21 of Draft Bill in UK White Paper on Modernising Company Law, July 2002 CM 5553-11. [Tble of Der, Co. (Amdt) Bill 3/2004].
3.17 – To adopt Sections 366A and 379A of the UK Companies Act 1985, which allow private companies to elect by unanimous agreement to dispense with the holding of annual general meetings. For purposes of clarification, the CLRFC further recommends the deletion of the expression “or agreements” in Section 186(1)(b) of the Companies Act.	Amended S. 186(1)(b), New S. 175A, Co. Act	Co. (Amdt) Act 8/2003 w.e.f. 15.05.03		New S. 175A derived from S. 366A of the United Kingdom Companies Act 1985. [Tble of Der, Co. (Amdt) Bill 3/2003]
3.18 – The Singapore Exchange should be the agency to prescribe rules and procedures governing the use of web-casts and dial-ins for the disclosure of information. To amend the Companies Act to provide for the electronic distribution of statutory reports to shareholders and for hardcopies to be available to shareholders who require them.	New S. 387A & S. 387B, Co. Act	Co. (Amdt) Act 5/2004 (not yet in force)		
3.19 – To adopt the recommendation of the UK Steering Committee that the contractual character of the constitution be retained – i.e. all obligations imposed by the constitution should be enforceable by individual members both against the company and other members, unless the contrary was provided in the constitution or unless the breach in question was trivial or the remedy fruitless.	No change			

## CHAPTER 4: CORPORATE INSOLVENCY

The recommendations in this chapter dealt with the reform of Singapore's insolvency regime, including the legislation of an omnibus Insolvency Act for companies and individuals, and the introduction of company voluntary arrangements modelled after the UK Insolvency Act 1986. These recommendations are currently under study.

## CHAPTER 5: BOUNDARIES AND CONCLUDING RECOMMENDATIONS

Recommendations	Relevant Provisions	Amended By/Source	Pending	Comments/Remarks
<p>5.1 – To adopt in Singapore the guiding principles identified by the UK Steering Committee. The CLRFC further recommends a calibrated range of sanctions, which includes criminal, civil and regulatory sanctions, as well as professional sanctions and censure. A regular review process involving regulators, as well as market and industry players, should be institutionalised to track, evaluate and respond to market and regulatory developments in the major economies.</p>	<b>No change</b>			
<p>5.2 – To extend the statutory treatment of book-entry securities to the following range of securities:</p> <p>(a) Listed equity securities issued by non-Singapore incorporated corporations and securities issued by supra-nationals and states;</p> <p>(b) Listed debt and derivative securities issued by Singapore and non-Singapore incorporated issuers other than debt and derivative securities of Singapore-incorporated companies who have Central Depository (Pte) Limited named in its register of members;</p> <p>(c) Unlisted securities by Singapore and non-Singapore issuers;</p> <p>(d) Dematerialised securities; and</p> <p>(e) Interests in collective investment schemes.</p> <p>For securities issued by Singapore corporations, the same treatment may be accorded. For securities issued by non-Singapore corporations, it should be provided that insofar as Singapore law is relevant such depositor shall be treated as if he were a member of the corporation or registered holder of the relevant securities.</p>	<b>Amended S. 130C, Repealed S. 130B, Re-enacted S. 130B, Co. Act</b>	<b>Co. (Amdt) Act 5/2004 (not yet in force)</b>		
<p>5.3 – The Companies Act and/or Securities and Futures Act respectively should expressly define the depositors' collective ownership of the Central Depository (Pte) Limited's ("CDP") trust assets, so that each depositor is only entitled to a pro rata share in the pool of securities or proceeds arising from such assets held in trust by CDP. To introduce statutory provisions to enhance the protection of securities in the sub-accounts of a depository agent upon the insolvency of the Depository Agent, by providing for pro rata entitlements to the pool of securities held by the depository agent.</p>	<b>New S. 130CA, Co. Act</b>	<b>Co. (Amdt) Act 5/2004 (not yet in force)</b>		

## CHAPTER 5: BOUNDARIES AND CONCLUDING RECOMMENDATIONS

Recommendations	Relevant Provisions	Amended By/Source	Pending	Comments/Remarks
5.4 – To extend Section 366(2)(j) of the Companies Act to share transfers and share registration services of all corporations, both listed and unlisted.	<b>Amended S. 366, Co. Act</b>	<b>Co. (Amdt) Act 8/2003</b> w.e.f. 15.05.03		Effect is that a foreign company need not be registered in order to establish or use a share transfer or share registration office in Singapore. <i>[ES, Co. (Amdt) Bill 3/2003]</i>
5.5 – To extend the timeline for reporting of substantial shareholders, changes and cessation in Sections 82(2)(b), 83(2) and 84(2) of the Companies Act respectively, as well as the timeline for reporting of shareholdings by directors in Section 165 of the Companies Act to 2 market days. Reporting of changes prescribed by Section 83 of the Companies Act should be required when the shareholding exceeds discrete 1% thresholds above the minimum 5% threshold, e.g. when the shareholding crosses 6%, 7% etc. Such reporting should include details of all transactions (both purchases and sales) that took place between the last report and the current report.	<b>Amended S. 82(2), S. 84(2) &amp; S. 165(2), Repealed S. 83, New S. 83, Co. Act</b>	<b>Co. (Amdt) Act 8/2003</b> w.e.f. 15.05.03		New S. 83, Co. Act derived from S. 200 of the United Kingdom Companies Act, and S. 5 of the Hong Kong Securities (Disclosure of Interests) Ordinance. <i>[Tble of Der, Co. (Amdt) Bill 3/2003]</i>
5.6 – Scrip lending intermediaries, whose securities are transferred to and out of its securities account in connection with a scrip lending transaction within 2 market days, be exempted from Division 4 of Part IV of the Companies Act.	<b>Amended S. 80, New S. 80(3), Co. Act</b>	<b>Co. (Amdt) Act 5/2004</b> (not yet in force)		
5.7 – To amend Section 215 of the Companies Act to exclude the following types of shares for the purpose of computing the 90% acceptance threshold: (a) Shares held by the offeror company; (b) Shares held by a nominee of the offeror company; (c) Shares held by a holding company, subsidiary or fellow subsidiary of the offeror company or a nominee of such holding company, subsidiary or fellow subsidiary; (d) Shares held by a body corporate in which the offeror company is substantially interested; and (e) Shares held by any person, who is, or is a nominee of, a party of any agreement with the offeror for the acquisition of, or an interest in, the shares which are the subject of the take-over offer.	<b>Amended S. 215, Co. Act</b>	<b>Co. (Amdt) Act 8/2003</b> w.e.f. 15.05.03		Derived from S. 428 & 429 of the United Kingdom Companies Act 1985, and S. 168 of the Hong Kong Companies Ordinance. <i>[Tble of Der, Co. (Amdt) Bill 3/2003]</i>
5.8 – To introduce a more effective and efficient statutory form of merger/amalgamation process to be modelled after Section 188 – Section 194A of the New Zealand Law Commission Company Law Reform: Transition and Revision Report No. 16.				Proposed new S. 212A–H, Co. Act in Draft Co (Amdt No.2) Bill 2003. Excluded from Co. (Amdt) Act 5/2004.
5.9 – Repeal of Division 1 of Part XI of the Companies Act.	<b>Repealed Div 1, Part XI, Co. Act</b>	<b>Co. (Amdt) Act 8/2003</b> w.e.f. 15.05.03		Div. 1, Part XI repealed as the provisions were obsolete. <i>[ES, Co. (Amdt) Bill 3/2003]</i>