

## Singapore Corporate Law Reform 2016

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Singapore, Singapore ([prHWY.com](http://prHWY.com)) May 3, 2016 - Since January 3, 2016 in Singapore enters into force the final phase of the corporate law reform, approved by the local parliament in October 2014. Recall, the first stage of the reform entered into force on 1 July 2015.

Starting next year, will apply the following new features:

Memorandum and Articles of Association of the Singapore companies will be replaced by a single founding document - "Constitution of the company." However, this change will concern only new companies - currently existing companies will be able to leave their founding documents unchanged.

Rule "one share - one vote" will be cancelled (referring to public companies). From now on, public companies will be able to issue shares with different voting rights, if the company is permitted by the Constitution. Earlier, only private companies could take advantage of this option.

About cases of a conflict of interest, must report not only the director of the company, but also their managers. The so-called "dormant company" (do not lead an active business), whose shares are not quoted on the stock exchange and which are not subsidiaries, should not prepare and file financial statements if:

- 1) is not holding company and carrying value of its asset does not exceed S \$ 500,000; or
- 2) it is a holding company, but the value of the assets of the group of companies does not exceed S \$ 500,000; or
- 3) the company has been "dormant" since its establishment, or at the end of the previous fiscal year.

Private companies will be exempted from the obligation to keep register of shareholders of the company by the registered (legal) address. Since 2016, the register of shareholders of all the companies will be physically presented in Accounting and Corporate Regulatory Authority of Singapore - ACRA. If shares will receive another owner - the company will have to submit a special notice to the ACRA. Official extract from the register of shareholders of private companies (located in of ACRA) is the main legal proof that a particular person is a shareholder (at present, such evidence are the internal registers of shareholders of the company).

In addition to information about the shareholders, in the ACRA you will need to apply and promptly update the information on the directors, secretaries and managers of the company. Conduct an internal register of these individuals will also be optional.

ACRA will be able to suspend the powers of a director or secretary of the company, in case of untimely reporting required by law, in case if this delay is three months or more. Suspending powers will be removed from the submission of the required documentation.

Electronic communications may be listed as main type of company's conversation with its shareholders. This in theory should simplify the procedure of meetings and general interaction between the owners and management of the company - the company will send notice of the meeting, as well as pass resolutions in electronic form.

Branches of foreign companies will be required to appoint at least one resident of Singapore, as its authorized representative. Earlier the branch was supposed to have at least two residents as representatives.

ACRA will have an additional reason to stop the activities of the branch of a foreign company, and delete it from the Register:

- If there are reasonable grounds to believe, that a foreign company ceased its activities through a branch;
- If the branch used for illicit purposes;
- If the authorized representative of a branch of a foreign company, does not receive a response from the company to the inquiry, whether will it continue its activities through a branch within 12 months;

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- If the authorized representative of the branch filed a notice of withdrawal from office, and the company has not appointed a new 12 months;
  - If authorized representative of branch died, but the company has not appointed a new within 6 months.

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