

HIGHLIGHTS OF ACRA'S RECOMMENDATIONS ON THE REGULATORY FRAMEWORK FOR FOREIGN ENTITIES

- (a) Changing the reference of “foreign companies” to “foreign entities”: Presently, the Companies Act defines a “foreign company” to mean a body corporate formed outside Singapore, as well as a foreign unincorporated body that can sue or be sued or is capable of holding property. It is recommended that the current definition be retained but the reference be changed to “foreign entities” to recognise that the scope of the definition includes more than what is commonly understood to be “foreign companies”.
- (b) Streamlining the requirements and procedures for registration of foreign entities: It is recommended that certain particulars required to be lodged upon registration be streamlined. In addition, additional information is to be reported and prescribed persons who are involved in the registration process of the foreign entity will be allowed to verify and authenticate certain documents. These are intended to facilitate the registration of foreign entities.
- (c) Streamlining continuing filing obligations: It is recommended that requirements to file non-essential information (e.g. changes in the authorised capital and changes in the number of members) be removed.
- (d) Enhancing financial disclosure requirements and accountability for financial information filed by foreign entities for greater transparency: Presently, foreign companies are required to lodge less financial information compared to locally-incorporated companies. It is recommended that foreign entities lodge with ACRA components of their financial statements similar to those expected of locally-incorporated companies.
- (e) Expansion of the grounds for striking-off a foreign entity: Presently, the Registrar may strike the name of a foreign company off the register where the Registrar has reasonable cause to believe that it has ceased to carry on business in Singapore or where it is being used for an unlawful purpose. It is recommended that two additional grounds for striking-off a foreign entity be provided, namely when the sole agent resigns with no replacement and the foreign entity is dormant with no instructions to the agent to continue its registration in Singapore.
- (f) Restriction on registration of names of foreign entities which are identical to those already on ACRA's registers: Presently, there is a restriction on a foreign company being registered by a name which is undesirable or one which the Minister has directed the Registrar not to accept for registration. It is recommended that the Registrar be empowered to reject registration of a name of a foreign entity which is identical to any other name

already on ACRA's registers. However, ACRA will consider the inclusion of "Singapore Branch" in a foreign entity's name as distinguishing.