

Finance Companies (Amendment) Bill

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Bill No: 28/1984

Read the first time: 24th August 1984

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Expenditure of Public Money

Finance Companies (Amendment) Bill

Bill No. 28/1984

Read the first time on 24th August 1984.

An Act to amend the Finance Companies Act (Chapter 191 of the Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title

1. This Act may be cited as the Finance Companies (Amendment) Act 1984.

Amendment of section 2

2. Section 2 of the Finance Companies Act (referred to in this Act as the principal Act) is amended —

- (a) by inserting, immediately before the definition of “auditor”, the following definition:

““agreement” means an agreement whether formal or informal and whether express or implied;”;

- (b) by inserting, immediately after the definition of “company”, the following

definition:

“ “credit facilities” means —

- (a) the granting by a finance company of advances, loans and other facilities whereby a customer of the finance company has access to funds or financial guarantees; or
 - (b) the incurring by a finance company of other liabilities on behalf of a customer;”;
- (c) by inserting, immediately after the word “public” at the end of the definition of “financing business”, the words “and such other business as the Authority may prescribe for the purposes of this Act”;
- (d) by inserting, immediately after the definition of “financing business”, the following definitions:

“ “officer”, in relation to a corporation, includes —

- (a) a director, secretary or employee of a corporation;
- (b) a receiver or manager of any part of the undertaking of the corporation appointed under a power contained in any instrument; and
- (c) the liquidator of a company appointed in a voluntary winding up;

“person” includes a corporation;”;

- (e) by deleting the full-stop at the end of the definition of “public company” and substituting a semi-colon, and by inserting immediately thereafter the following definition:

“ “share”, in relation to a finance company, means a share in the share capital of a finance company and includes an interest in such a share.”.

Amendment of section 6

3. Section 6 of the principal Act is amended —

- (a) by deleting the words “five thousand dollars” in subsection (5) and substituting the words “\$20,000 and in the case of a continuing offence to a further fine of \$2,000 for every day during which the offence continues

after conviction”; and

(b) by inserting, immediately after subsection (5), the following subsection:

“(5A) Any person who knowingly or recklessly furnishes any document or information which is false or misleading in a material particular in connection with an application for a licence falling within subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 3 years or to both.”.

New sections 9A to 9D

4. The principal Act is amended by inserting, immediately after section 9, the following sections:

“Control of takeovers of finance companies incorporated in Singapore

9A.—(1) This section and sections 9B and 9C shall apply to and in relation to all natural persons whether resident in Singapore or not and whether citizens of Singapore or not, and to all bodies corporate or unincorporate, whether incorporated or carrying on business in Singapore or not.

(2) Without prejudice to section 9, no person shall, after the commencement of the Finance Companies (Amendment) Act 1984, enter into an agreement to acquire shares of a finance company that is incorporated in Singapore by virtue of which he would, if the agreement is carried out, obtain effective control of that finance company without first notifying the Authority of his intention to enter into the agreement and obtaining the approval of the Authority to his entering into the agreement.

(3) For the purposes of this section —

- (a) a person shall be regarded as entering into an agreement by virtue of which he would obtain effective control of a finance company if the person alone or acting together with any associate or associates of that person would be in a position to control not less than 20 per cent of the voting power in the finance company or would hold interests in not less than 20 per cent of the issued shares of the finance company;
- (b) a reference to an agreement by which a person would obtain effective control of a finance company that is incorporated in Singapore includes a reference to an agreement by which the person would acquire any interest in shares in the finance company where, upon the acquisition of those interests and of any other interests in other shares of the finance company that he has offered to acquire, he would have

effective control of the finance company;

- (c) a reference to a person offering to acquire interests in shares includes —
 - (i) a reference to a person making or publishing a statement, however expressed, that expressly or impliedly invites a holder of interests in shares to offer to dispose of interests in shares; and
 - (ii) a reference to a person taking part in or proposing to take part in negotiations with a view to the acquisition of shares;
- (d) a person holds an interest in a share if he has any legal or equitable interest in that share and, without limiting the generality of the foregoing, an interest in shares shall have the meaning assigned to that expression in section 6A(6) to (10) of the Companies Act (Cap. 185);
- (e) a reference to the voting power in a finance company is a reference to the total number of votes that might be cast in the general meeting of the finance company;
- (f) the following persons are associates of a person:
 - (i) the person's spouse or a parent or remoter lineal ancestor, son, daughter or remoter issue, brother or sister of the person;
 - (ii) any partner of the person;
 - (iii) any corporation of which the person is an officer;
 - (iv) where the person is a corporation — any officer of the corporation;
 - (v) any employee or employer of the person;
 - (vi) any officer of any corporation of which the person is an officer;
 - (vii) any employee of a natural person of whom the person is an employee;
 - (viii) any corporation whose directors are accustomed or under