

Finance Companies (Amendment) Bill

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Bill No: 16/1969

Read the first time: 15th October 1969

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Explanatory Statement

Expenditure of Public Money

Finance Companies (Amendment) Bill

Bill No. 16/1969

Read the first time on 15th October 1969.

An Act to amend the Finance Companies Act, 1967 (No. 43 of 1967).

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, 1969.

Amendment of section 2

2. Section 2 of the Finance Companies Act, 1967 (hereinafter in this Act referred to as “the principal Act”) is hereby amended —

- (a) by deleting the expression “, which period shall be not less than one month of the original acceptance of any deposit” appearing in the last three lines of paragraph (a) of the definition of “financing business” therein; and
- (b) by deleting the expression “or not, or by instalments;” appearing at the end of paragraph (b) of the definition of “financing business” therein and substituting therefor the following: —

“or not, or by instalments,

and shall include the business of financing hire-purchase transactions arising out of hire-purchase agreements, as defined in the Hire-Purchase Act, 1969 (Act 1 of 1969), where the money used, or to be used, for such business is borrowed from the public;”.

Amendment of section 3

3. Subsection (1) of section 3 of the principal Act is hereby amended by inserting immediately before the word “company” appearing in the second line thereof the word “public”.

New section 3A

4. The principal Act is hereby amended by inserting immediately after section 3 thereof the following new section: —

“Use of words “finance company”

3A. No person or body of persons, whether incorporated or not, other than a finance company licensed under this Act shall, without the consent of the Commissioner, use the words “finance company” or any of its derivatives in any language, or any other words indicating that it transacts financing business, in the name, description or title under which such person or body of persons is transacting business in Singapore or make or continue to make any representations to such effect in any bill-head, letter paper, notice, advertisement or in any other manner whatsoever:

Provided that nothing in this section shall prohibit an association of finance companies formed for the protection of common interests from using the words “finance company” or any of its derivatives in any language as part of its name or description of its activities.”.

Amendment of section 9

5. Section 9 of the principal Act is hereby amended —

- (a) by deleting the word “special” appearing in the third line of subsection (1) thereof; and
- (b) by deleting the word “five” appearing in the fifth line of subsection (4) thereof and substituting therefor the word “three”.

Amendment of section 10

6. Subsection (1) of section 10 of the principal Act is hereby amended —

- (a) by deleting the word “or” appearing at the end of sub-paragraph (ii) of paragraph (b) thereof;
- (b) by inserting immediately after sub-paragraph (ii) of paragraph (b) thereof the following new sub-paragraph: —
 - “(iii) carries on business while its paid-up capital (unimpaired by losses or otherwise) is less than five hundred thousand dollars; or”;
- (c) by renumbering the existing sub-paragraph (iii) of paragraph (b) thereof as sub-paragraph (iv); and
- (d) by deleting the words “of its officers” appearing in the first line of sub-paragraph (i) of paragraph (c) thereof and substituting therefor the words “person who is in a managerial or executive position in that finance company”.

Repeal and re-enactment of section 12

7. Section 12 of the principal Act is hereby repealed and the following substituted therefor: —

“Maintenance of reserve fund by finance companies

12. Every finance company shall —

- (a) maintain a reserve fund;
- (b) if the paid-up capital of the finance company is not less than two million dollars, transfer to such reserve fund out of the net profits of each year after due provision has been made for taxation —
 - (i) so long as the amount of the reserve fund is less than fifty *per centum* of the paid-up capital, a sum equal to not less than thirty *per centum* of the net profits;
 - (ii) so long as the amount of the reserve fund is not less than fifty *per centum* but less than one hundred *per centum* of the paid-up capital, a sum equal to not less than fifteen *per centum* of the net profits;
 - (iii) so long as the amount of the reserve fund is not less than one hundred *per centum* of the paid-up capital, a sum equal to not less than five *per centum* of the net profits; and
- (c) if the paid-up capital of the finance company is less than two million dollars, transfer to such reserve fund out of the net profits of each year after due provision has been made for taxation —
 - (i) so long as the amount of the reserve fund is less than fifty *per centum* of the paid-up capital, a sum equal to not less than fifty *per centum* of the net profits;
 - (ii) so long as the amount of the reserve fund is not less than fifty *per centum* but less than one hundred *per centum* of the paid-up capital, a sum equal to not less than twenty-five *per centum* of the net profits;
 - (iii) so long as the amount of the reserve fund is not less than one hundred *per centum* of the paid-up capital, a sum equal to not less than ten *per centum* of the net profits.”.

Amendment of section 14

8. Section 14 of the principal Act is hereby amended —

- (a) by inserting immediately after the word “languages” appearing at the end thereof the words “not later than six months after the end of each financial year”; and
- (b) by inserting at the end thereof the following new paragraph: —