

Client Update – Notable changes further to the Corporate and Accounting Laws (Amendment) Act 2025

On 16 April 2026, the Accounting and Corporate Regulatory Authority (“**ACRA**”) published an article titled “Commencement of Key Changes under the Corporate and Accounting Laws (Amendment) Act 2025” which sets out the key amendments which would be brought about by the first tranche of provisions under the Corporate and Accounting Laws (Amendment) Act 2025 (“**Amendment Act**”) coming into operation on 6 May 2026. While there are several changes brought about by the Amendment Act, this article highlights the notable ones specifically with respect to penalties relating to the breach of directors’ duties and selective off-market acquisition of shares only.

Penalties relating to the breach directors’ duties

Section 157(1) of the Companies Act 1967 (“**Companies Act**”) requires that “[a] director must at all times act honestly and use reasonable diligence in the discharge of the duties of his or her office”. In addition, section 157(2) of the Companies Act states that “[a]n officer or agent of a company must not make improper use of his or her position as an officer or agent of the company or any information acquired by virtue of his or her position as an officer or agent of the company to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the company”.

Section 157(3) of the Companies Act sets out the penalties for an officer or agent who commits a breach of any of the aforementioned provisions of Section 157 of the Companies Act. Prior to the Amendment Act coming into effect, an officer or agent who commits a breach of Section 157 of the Companies Act shall be:

- liable to the company for any profit made by him or her or for any damage suffered by the company as a result of the breach of any of those provisions (Section 157(3)(a)); and
- guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 12 months (Section 157(3)(b)).

Following the Amendment Act, the penalty under Section 157(3)(b) of the Companies Act will be increased to a fine not exceeding \$20,000 or to imprisonment for a term not exceeding 12 months or to both. In this regard, heavier penalties have been imposed on directors who breach their duties which serves to deter potential offenders.

Proposed codification of directors’ duties

It should also be noted that in March 2026, the Singapore Academy of Law, Law Reform Committee, released a report on the codification of Directors’ Duties in Singapore. The subcommittee recommended that further review be made to consider whether a combination of the United Kingdom and Australian approaches to directors’ duties should be adopted in Singapore. This could involve (a) more detailed listing of directors’ duties under the Companies Act but only having breaches of certain duties leading to criminal penalties and/or (b) having a civil penalty regime for breaches of the duties listed (alongside the criminal liability framework already in place) and having ACRA administer the regime.

Two-tier approval process for selective off-market acquisition of shares

Section 76D of the Companies Act contains the provisions relating to selective off-market acquisition of shares. The Amendment Act adds in the requirement that where the shares that are the subject of the selective off-market purchase belongs to a particular class of shares and do not constitute all the shares in that class, the

company must, before passing the special resolution mentioned in the relevant sub-section of Section 76D, obtain the consent of at least 75% of the holders of the shares of that class (but excluding any person whose shares are proposed to be purchased or acquired and the person's associated persons).

In light of the Amendment Act, companies would be required to go through a two-tier approval process i.e. (I) obtain separate 75% approval from shareholders who have the same class of shares which are being bought back (except those who are selling) and (II) obtain 75% approval from all shareholders (except those who are selling). This provides for better safeguards for the rights of shareholders in the affected class so that they may have a say in the approval process.

Conclusion

The heavier penalties relating to the breach of directors' duties would help to strengthen the regulatory framework for companies and directors. Moreover, the two-tier approval process enhances the protection of shareholders' interests. The aforementioned amendments brought about by the first tranche of provisions under the Amendment Act marks a move towards a more comprehensive set of regulations to protect the various stakeholders of a company.

Should you have any queries on this update or generally, please feel free to contact any one of the undersigned.

This Client Update was authored by Gwendolyn Gn (Partner) and Lin Yu Mei (Partner).



Gwendolyn Gn
Partner
Equity Capital Markets
T: +65 6439 0708
E: gwendolyn.gn@shooklin.com



Lin Yu Mei
Partner
Equity Capital Markets
T: +65 6439 0717
E: yumei.lin@shooklin.com

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Shook Lin & Bok LLP

1 Robinson Road
#18-00 AIA Tower
Singapore 048542
www.shooklin.com

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