

**DRAFT AMENDMENTS TO
THE SECURITIES AND FUTURES (APPROVED HOLDING
COMPANIES) REGULATIONS**

DISCLAIMER: This version of amendments is in draft form and subject to change. It is also subject to review by the Attorney-General's Chambers.

PART III

REGULATION OF APPROVED HOLDING COMPANIES

Obligation to notify Authority of certain matters

~~8.—(1) For the purposes of section 81ZA(1) of the Act, an approved holding company shall, as soon as practicable after the occurrence of any of the following circumstances, give the Authority notice of such circumstance:~~

- ~~(a) any civil or criminal legal proceeding instituted against the approved holding company, whether in Singapore or elsewhere;~~
- ~~(b) any disciplinary action taken against the approved holding company by any regulatory authority, whether in Singapore or elsewhere, other than the Authority;~~
- ~~(c) any significant change to the regulatory requirements imposed on the approved holding company by any regulatory authority, whether in Singapore or elsewhere, other than the Authority.~~

(1) For the purposes of section 81ZA(1) of the Act, an approved holding company shall immediately inform the Authority when the approved holding company becomes aware:

- (a) that it has contravened or is likely to contravene, any provision of any Acts administered, or requirements imposed, by the Authority;
- (b) of any development that has occurred, or is likely to occur, which the approved holding company has reasonable grounds to believe has materially affected adversely or is likely to materially affect adversely —
 - (i) the financial soundness or reputation of the approved holding company;
 - (ii) the financial soundness or reputation of any entity in the group of the approved holding company where such development affects the approved holding company; or
 - (iii) such other factors as the Authority may specify by notice in writing.
- (c) that a person who holds an office or appointment as chairman, chief executive officer or director of the approved holding company under section 81ZF(2) of the Act, is, in accordance with the guidelines issued by the Authority under the Act, no longer a fit and proper person to hold that office or appointment;
- (d) that a person approved under section 81ZE(1) is, in accordance with the guidelines issued by the Authority under the Act, not a fit

and proper person;

- (e) having regard to the likely influence of a person approved under section 81ZE, the approved holding company is not likely to be able to conduct its business prudently and comply with the provisions of the Act and directions made thereunder;
- (f) of any change to the regulatory requirements imposed on the approved clearing house by any regulatory authority, whether in Singapore or elsewhere, other than the Authority, that will have an impact on the approved holding company.

(2) Where a circumstance under paragraph (1)(a) or (b) has occurred, the approved holding company shall, in addition to the notice required under paragraph (1), within 14 days after the occurrence of the circumstance or such longer period as the Authority may permit, submit a report to the Authority of the circumstances relating to the occurrence, the remedial actions taken at the time of the occurrence, and the subsequent follow-up actions that the approved holding company has taken or intends to take.

(4) In this section –

“accounting standards” means the accounting standards made or formulated by the Accounting Standards Council under Part III of the Accounting Standards Act (Cap. 2B);

“associate”, in relation to an entity (referred to in this definition as the first entity), means –

- (a) any entity in which the first entity controls the composition of the board of directors or such corresponding officers as may be prescribed;
- (b) any entity in which the first entity controls more than half of the voting power or such measure corresponding to voting power as may be prescribed;
- (c) any entity in which the first entity holds more than half of the total number of issued shares or such corresponding interest as may be prescribed;
- (d) a subsidiary of any other entity which is an associate by reason of paragraph (a), (b) or (c);
- (e) any entity (referred to in this paragraph as the second entity) in which —
 - (i) the first entity; or
 - (ii) any entity which is an associate by reason of paragraph (a), (b), (c) or (d); or

has, or the entities in subparagraphs (i) and (ii) together have, an interest in shares entitling the beneficial owners thereof the right to cast (whether by proxy or in person) not less than 20% but not more than 50% of the total votes able to be cast at a general meeting of the second entity, or such corresponding interest as may be prescribed; or

(f) any entity (not being one which is an associate by reason of paragraph (a), (b), (c), (d) or (e)) the policies of which —

(i) the first entity; or

(ii) any entity which is an associate by reason of paragraph (a), (b), (c), (d) or (e),

or the entities in subparagraphs (i) and (ii) together are able to control or influence materially;

“group”, in relation to an approved holding company, means a group of entities comprising the approved holding company and —

(a) any of its associates; and

(b) any other entity treated as part of the approved holding company’s group of companies according to the accounting standards applicable to the approved holding company.