

MAS 821

16 November 1984

(updated on 21 Nov 05)

NOTICE TO FINANCE COMPANIES
FINANCE COMPANIES ACT, CAP 191

Finance Companies' Acquisition of Shares in Companies

Pursuant to the new Section 28(1) of the Finance Companies Act, no finance company shall acquire 20% or more of the share capital of any company without first notifying and obtaining the approval of the Authority.

The purpose of this Section is to enable the Authority to exercise control over finance companies' acquisition of shares/interests in companies and establishment of associated and subsidiary companies. This is to ensure that finance companies do not diversify into areas which are inconsistent with finance company business, or invest in companies to an undesirable extent.

Every finance company is required to notify and obtain the approval of the Authority if it intends to increase its interest in any company, whether directly or indirectly, from less than 20% to 20% or more of the share capital of the company. Approval must also be sought if the finance company wants to establish a new associated or subsidiary company. The requirement for approval applies to all acquisition irrespective of whether the company is incorporated in or outside Singapore.

The Authority may grant approval with or without conditions and the finance company shall comply with the conditions.

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