KENYATAAN MEDIA

SSM'S COMPANIES (AMENDMENT) 2023 BILL TABLED FOR THE FIRST READING IN PARLIAMENT

Kuala Lumpur, 13 October 2023 – The Ministry of Domestic Trade and Cost of Living (KPDN) through the Companies Commission of Malaysia (SSM), tabled amendments to the Companies Act 2016 for the first reading at Dewan Rakyat on 10 October 2023.

The Companies (Amendment) 2023 Bill, which was tabled by KPDN Deputy Minister YB Senator Fuziah Salleh, contains 31 clauses that are in line with international practices on anti-money laundering and enhance existing provisions to assist companies with financial difficulties post Covid-19 pandemic.

The Bill among others aims to introduce provisions to accord a more comprehensive framework at par with international practices to ensure that scheme of arrangements and compromise could be used as a more effective rehabilitation tool for companies facing financial difficulties. This includes the introduction of an automatic moratorium period for companies applying a restraining order under scheme of arrangements and compromise, the provision on restraining order by related company that play an integral part in the rehabilitation plan and the provision of rescue financing which will allow debtor companies to continue in operation and thus ensuring the success of the proposed scheme. This also includes the provision relating to cram down which will allow the Court to compel dissenting creditors to be bound by the proposed scheme of arrangements and compromise and the mandatory appointment of insolvency practitioners to oversee the rehabilitation plan.

To enhance corporate transparency and accountability, the current beneficial ownership reporting framework has also been proposed to be in line with international standards and best practices. Under the Bill, a new comprehensive beneficial ownership reporting framework is introduced through a new Division 8A of Part II in the Companies Act 2016 which covers the criteria of a beneficial owner, register of beneficial owners and power of a company to obtain beneficial ownership information from its members and any person who is identified as beneficial owner or has information relating to a beneficial owner of the company. Apart from that, the criteria also include duty of an individual to notify a company of his status as a beneficial owner of the company and the obligation includes to notify any changes to the individual's status as the beneficial owner and particulars recorded in the register of beneficial owners.

Once enforced, the Bill is expected to expand the application of corporate voluntary arrangement and judicial management to all companies except companies which are regulated by the Central Bank of Malaysia and companies which are licensed, approved or registered under the Capital Market and Services Act 2007 [Act 671] and the Securities Industry (Central Depositories) Act 1991 [Act 453].

The Bill is scheduled for the second reading at Dewan Rakyat by the end of November 2023.

ISSUED BY: THE COMPANIES COMMISSION OF MALAYSIA
DATE: 13 OCTOBER 2023

ABOUT SSM

The Companies Commission of Malaysia (SSM) is a statutory body formed as a result of a merger between the Registrar of Companies (ROC) and the Registrar of Businesses (ROB) which regulates companies and businesses. SSM came into operation on 16 April 2002.

The main activity of SSM is to serve as an agency to incorporate companies and register businesses and limited liability partnership as well as to provide company and business information to the public. As the leading authority for the improvement of corporate governance, SSM fulfils its function to ensure compliance with business registration and corporate legislation through comprehensive enforcement and monitoring activities so as to sustain positive developments in the corporate and business sectors of the Nation.

SSM is responsible for the administration and enforcement of the following legislations:

- Companies Commission of Malaysia Act 2001(Act 614);
- Companies Act 2016 (Act 777);
- Interest Schemes Act 2016 (Act 778);
- Registration of Businesses Act 1956 (Act 197);
- Limited Liability Partnerships Act 2012 (Act 743);
- Trust Companies Act 1949 (Act 100); and
- Kootu Funds (Prohibition) Act 1971 (Act 28).