

INTRODUCTION OF THE SIGNIFICANT INVESTMENTS REVIEW BILL

1. To strengthen the resilience of Singapore's economy and to enhance our national security, the Ministry of Trade and Industry will introduce the Significant Investments Review Bill ("Bill") to ensure the continuity of critical entities. Singapore currently relies on a range of sectoral legislation, which include ownership and control safeguards, to monitor and manage entities in regulated sectors such as telecommunications, banking and utilities. The Bill will complement existing legislation by regulating entities which are not adequately covered under these legislation.

2. The Bill sets out a new investment management regime. The regime applies to both local and foreign investors, thereby providing a level playing field for all investors. Only entities that are critical to Singapore's national security interests will be designated under this regime ("designated entities") and will be regulated. Entities which have acted against Singapore's national security interests may also have their transactions reviewed under certain circumstances, even if they have not been designated.

Key Features of the Bill

(A) Provisions that Apply to Designated Entities

3. Under the new regime, entities which are incorporated, formed, or established in Singapore; carry out activities in Singapore; or provide goods and services to persons in Singapore can be designated. Designated entities will have the following ownership and control requirements:

- a. Notification or approval obligations for specified changes in ownership or control of designated entities will be imposed on buyers, sellers and the designated entities.¹
- b. Remedial directions may be issued under certain circumstances. For example, a party may be ordered to transfer or dispose of equity interests held in the designated entities, if conditions of approval have not been complied with.
- c. Designated entities will be required to seek approval for the appointment of key officers such as the chief executive officer, directors, and the

¹ Buyers into designated entities are required to notify the Minister after becoming a 5% controller; and to seek the Minister's approval before becoming a 12%, 25%, or 50% controller, an indirect controller, or acquiring as a going concern (parts of) the business or undertaking. Sellers are required to seek the Minister's approval when ceasing to be a 50% or 75% controller. Designated Entities need to notify the Minister of the above-mentioned changes in ownership and control after becoming aware of the events. Transactions that occur without the necessary approvals will be rendered void, but materially affected parties can apply for validation notices.

chairperson of the board. Such officers may be removed if they have been appointed without approval or if conditions of approval are breached. The Minister may also remove key officers in the interest of national security.

- d. Designated entities will also be subject to other provisions to ensure the security and reliability of their critical functions. For example, designated entities cannot be voluntarily wound up or dissolved without the Minister's consent. Should national security issues arise or should the delivery of essential services be disrupted, orders can be given to direct the assumption of control of the designated entities' affairs, business, and property, to ensure their continuity.

(B) Provisions that Apply to Any Entity that Has Acted against National Security Interests

4. The Bill will also empower the Minister to review ownership or control transactions involving an entity that has acted against Singapore's national security interests even if the entity has not been designated. Targeted actions can be taken, such as directing the transacting party to dispose his equity interest in the entity.

(C) Provisions for Reconsideration Requests and Appeals

5. The Bill is designed to be business-friendly and sets out clear processes for parties that wish to seek reconsideration for decisions by the Minister, and for further appeals to an independent Reviewing Tribunal. A Reviewing Tribunal is an appropriate platform as the subject matter is likely to pertain to national security and will be sensitive. The Reviewing Tribunal will consist of three individuals appointed by the President on the advice of the Cabinet, including the chairperson who is a Supreme Court judge.

Commitment to Industry and Investor Engagement

6. The proposed legislation has been developed in consultation with industry representatives to take into account its potential impact on businesses and investors.

7. An Office of Significant Investments Review will be set up under the Ministry of Trade and Industry as a dedicated one-stop touchpoint for stakeholders.

8. Minister Gan said, "It is critical for Singapore to remain open and connected to the world, and as such we must continually strengthen our position as a trusted hub for businesses to invest with confidence. Singapore has long had legislative powers to manage ownership and control of critical sectors such as telecommunications, banking and utilities. As most critical entities in Singapore are already adequately covered by existing sectoral legislation, we

expect only a handful of critical entities to be designated under this Bill. Stakeholders will continue to be closely engaged, to ensure that the overall impact on affected businesses will be minimised and our ecosystem remains vibrant.”

MINISTRY OF TRADE AND INDUSTRY
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THE SIGNIFICANT INVESTMENTS REVIEW BILL EXPLAINED...

? What is the Significant Investments Review Bill?



A new investment management regime to manage significant investments by local or foreign investors in entities critical to Singapore.

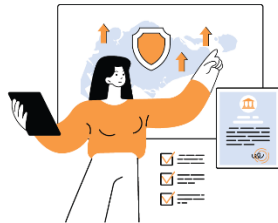


It complements existing sectoral legislation to provide ownership and control safeguards for entities critical to Singapore's national security interests.



It was developed in consultation with industry representatives to minimise impact on businesses and investors.

? Why is the Bill Important?

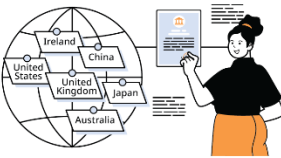


To strengthen Singapore's economic resilience and national security by ensuring the continuity of these critical entities.



Allows Singapore to remain an open economy and trusted hub for investors.

? Who else has similar legislation?



Other jurisdictions, such as Australia, China, Ireland, Japan, the United Kingdom and the United States, have similar investment management regimes.

? What are the key features?



Requires identified critical entities to notify or seek approval for ownership or control changes, as well as appointments of key officers.



Empowers the Government to review ownership or control transactions of any entity that has acted against Singapore's national security interests.

? Who will be impacted?



Entities that are critical to Singapore's national security interests but are not adequately covered by existing sectoral legislation.



Only a handful of entities are expected to be designated. They will be informed by the relevant Government agencies.



The Bill, if passed, will be implemented in 2024.



An Office of Significant Investments Review will be set up under the Ministry of Trade and Industry as a dedicated one-stop touchpoint.