

New Companies Act to reduce cost of doing business

KUALA LUMPUR: The new Companies Act 2016 and Companies Regulations 2017, which came into effect in January, aim to reduce the cost of doing business, especially for small and medium-sized enterprises.

“Basically there are a lot of business-friendly policies that have been newly introduced. One of the major changes is a ‘single member and single director company’ as compared to previous requirements of two directors and members.

“It is actually to accord them with better protection if they are operating as a sole proprietor, or in a partnership because the liability will now be on the company and not on the individual.

“Other than that, there are de-regulatory measures that we have introduced such as private companies no longer being required to hold annual general meetings, which is actually a cost-saving concept that we have introduced. “Basically, our aim is to lower the cost for private companies to do business, especially the smaller businesses,” said Companies Commission of Malaysia acting director of regulatory and legal ser-



Fully focused: (from left) Zico Holdings Inc chief risk officer Paul P. Subramaniam, Norhaiza and MAICSA former president Chua Siew Chuan at the conference.

vices division Norhaiza Jemon at a conference themed “The Companies Act 2016 and Regulations – Impact and Significance” here yesterday.

The conference was organised by TARCian Alumni Association (TAA) with the support of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

For public-listed companies, Norhaiza said there were a lot of corporate governance issues that had been enhanced.

“One of the most important things is that we encourage more shareholder activism, where members are now actually allowed to question and make recommendations to the board of directors.

“And the board has a certain obligation to carry out the recommendations if they are in the best interest of the company,” she said.

Norhaiza explained that shareholders can now influence how a company is being run.

“As a shareholder, one must know this is actually a new right bestowed upon them,” she said.

Other than that, the new Companies Act that replaced the Companies Act 1965 also provides a regulatory framework to facilitate the starting of a business; accord protection to corporate directors and other stakeholders of a company; enhance internal control, corporate governance and corporate responsibility; provide flexibility in managing affairs of companies and includes the simplification of compliance provisions.

TAA is the main representative body of all former students of Tunku Abdul Rahman University College who are eligible to become its members.

MAICSA was founded in 1959 as an affiliated body to the Institute of Chartered Secretaries and Administrators (ICSA).

ICSA is the leading recognised professional body for chartered secretaries and administrators in the United Kingdom and throughout the world.

Formed in 1891, the institute today has 33,000 members worldwide and is represented in over 72 countries.