

Singapore's New Significant Investments Regime Comes Into Law

Singapore has passed into law a new regime to screen investments into entities critical to its national security.

Key Points:

- The new regime introduces greater scrutiny of investments to safeguard designated entities considered to be “significant” to Singapore’s national interests.¹
- The Singapore government has already reached out to all the entities that are being considered for designation.

The [Significant Investments Review Bill](#) (the Bill), introduced by the Ministry of Trade and Industry (MTI), was passed by parliament on 9 January 2023 and is likely to enter into force in mid to late 2024. The Bill aims to protect the national interests of Singapore by regulating significant investment in, and control of, critical entities.

The Bill widens the scope of regulation in local and foreign investment in Singapore and provides a more level playing field for investors. Going forward, investment in entities that are designated as critical to Singapore’s national security will be regulated by the new regime and subject to certain notification and disclosure obligations.

Which Entities Have Been Designated?

The Bill provides that the Minister of Trade and Industry will designate entities under the regime. Designation may apply to entities incorporated, formed, or established in Singapore, entities that carry out any activity in Singapore, or entities that provide goods and services to any person in Singapore, if the Minister considers the designation necessary in the interests of Singapore’s national security. “National security” has been broadly defined as covering areas critical to Singapore’s sovereignty and security, including its economic security and delivery of essential services.² The definition is intentionally broad to allow the Minister to address quickly unanticipated risks as national security issues evolve over time.

The Singapore government has already reached out to all the entities that are being considered for designation and confirmed that companies that have not been approached are not currently considered subject to the Bill. The list of designated entities is expected to be released in the Government Gazette once the law comes into force. The Minister has confirmed that the list of designated entities is unlikely to

expand significantly in the future. Further, the Bill is not expected to apply to current or existing arrangements, and will only apply to entities after they have been designated. There is also scope under the Bill for the Minister to review transactions involving entities that have acted against Singapore's national interests, even if such entities are not designated.

Disclosure and Notifications

As covered in this [Client Alert](#), the new regime imposes disclosure and approval obligations on designated entities as well as buyers and sellers of such designated entities (along with their associates, which is broadly defined), in respect of their ownership and control, including:

- Buyers must notify the Minister **within seven days** after acquiring (alone or together with their associates) an equity interest or control of the voting power (whether direct or indirect) in a designated entity of 5% or more. Buyers must seek **prior approval** before increasing their interests at 12%, 25%, and 50%. Designated entities must also notify the Minister on becoming aware of such changes.
- Sellers must notify the Minister when they dispose of (alone or together with their associates) an equity interest or control of voting power (whether direct or indirect) in a designated entity of 50% or 75%. Designated entities must also notify the Minister on becoming aware of such changes.
- Prior approval is required for a person to acquire as a going concern the business or undertaking or any part of the business or undertaking of a designated entity, and MTI may take remedial action in respect of transactions that do not comply, such as disposing of stake in a designated entity.
- Prior approval must be obtained regarding appointing certain officers, including chief executive officers, directors, and board chairpersons to ensure they are fit and proper persons. The Minister will have the right to remove such officers if they are deemed to be acting against the interests of national security.

Implications

The list of Designated Entities is expected to be published in the Government Gazette in a few months when the Bill comes into law. Until such time, investors should perform due diligence to confirm whether the Ministry has contacted prospective targets in connection with the Bill.

Investors will need to factor into transaction timelines the above requirements for approval and should structure transaction documents and timelines accordingly.

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Endnotes

¹ [Speech by Minister Gan Kim Yong during the Round-Up Speech for the Significant Investments Review Bill](#), Ministry of Trade and Industry Speech, 9 January 2024.

² [Speech by Minister Gan Kim Yong during the Round-Up Speech for the Significant Investments Review Bill](#), Ministry of Trade and Industry Speech, 9 January 2024.