STRENGTHENING NATIONAL SECURITY IN INVESTMENTS: EXPLORING THE IMPLICATIONS OF THE SIGNIFICANT INVESTMENTS REVIEW BILL

Date: 6 February 2024

Singapore Policy and Regulatory Alert

By: Christopher Tan, Marius Toime, Su Yun Kiew

This publication is issued by K&L Gates Straits Law LLC, a Singapore law firm with full Singapore law and representation capacity, and to whom any Singapore law queries should be addressed. K&L Gates Straits Law is the Singapore office of K&L Gates, a fully integrated global law firm with lawyers located on five continents.

On 9 January 2024, the Parliament of Singapore passed the Significant Investments Review Bill (SIRB). The SIRB aims to enhance national security by introducing measures to screen investments, both local and foreign, in entities deemed critical for national security.

OVERVIEW OF THE SIRB

Under the SIRB, the Minister for Trade and Industry (Minister) will stipulate a list of entities or businesses as “designated entities,” which have a critical function in relation to Singapore's national security interests. Such “designated entities” may be incorporated, formed, or established in Singapore; carry out business in Singapore; or provide goods or services within the country. The list may be amended from time to time by the Minister and is intended to focus on entities that are not adequately covered by the existing sector-specific legislation, such as those in telecommunications, banking, and utilities.

These “designated entities” would be required to report changes in ownership and control as well as seek the Minister's approval for a change in shareholding or control where the change in shareholding or control exceeds certain thresholds.

In addition, the Minister would be empowered to review ownership or control-related transactions of certain entities, even if they are not within the list of “designated entities” within a two-year look-back period. If such transactions are against Singapore's national security interests, the Minister may direct the transacting party to dispose of its interest in the “designated entity.”

APPLICATION TO LOCAL AND FOREIGN INVESTORS

The SIRB applies to both local and foreign investors. The scope of the SIRB's application depends on the activities of the entities involved rather than the nationality of the investors.

©2005-2026 K&L Gates LLP. All Rights Reserved.

KEY FEATURES

Approval required for the appointment of key personnel

The SIRB empowers the government to require “designated entities” involved in transactions subject to screening to seek approval for the appointment of key personnel, such as the chief executive and directors of the company.

Notification by controllers

Buyers of “designated entities” must notify the Minister upon becoming a 5% controller in the “designated entity.”

Approval to be sought by controllers

Buyers of “designated entities” must seek approval from the Minister before becoming a 12%, 25%, or 50% controller or when they acquire the business, or part of the business, of a “designated entity.” They must also seek the approval of the Minister upon ceasing to be a 50% or 75% controller of the “designated entity.”

Assumption of control of activities

Should national security issues arise, orders by the Minister can be given to direct the assumption of control of the activities of the “designated entity” to ensure business continuity for the purposes of protecting national security interests.

DESIGNATED ENTITIES

Before designating an entity as critical to national security, the Minister is required to notify the entity of this intention. The entity is given at least 14 days from the date of the notice to submit written representations in response to the proposed designation. However, this process can be bypassed if the Minister deems it impractical or undesirable in certain cases.

Upon receiving a notice of intention to designate from the Minister, that entity must consider whether to make representations to the Minister. If it decides to proceed, the entity should prepare a response by the stipulated deadline set out in the notice.

IMPACT OF THE SIRB

Currently, there are laws managing foreign ownership but only in specific sectors such as telecommunications, banking, and utilities. By contrast, the SIRB adopts a more targeted, entity-based approach and allows for a broad and flexible definition of national security interests. Investors are provided with the option to request for reconsideration of decisions and to appeal to an independent review tribunal, including limited judicial review.

The term “national security” is not defined in the SIRB, but the Minister has clarified that it broadly covers the areas critical to Singapore's sovereignty and security, including its economic security and resilience as well as the continued delivery of essential services.

This SIRB may create uncertainties for investors who perceive that there are risks arising from transactions being blocked or unwound due to national security concerns. There may also be an increase in costs due to increased compliance and enhanced due diligence on potential transactions. Responsibility for notifying or seeking approval lies with both prospective and existing controllers of a “designated entity,” as well as the entity itself.

©2005-2026 K&L Gates LLP. All Rights Reserved.

We anticipate further development in the upcoming months after the law comes into force, including the publication of the initial list of "designated entities." If you need assistance navigating the SIRB, please do not hesitate to reach out to our team.

FOOTNOTES

- We acknowledge the contributions to this publication from our first year associate Zachary Tan.

KEY CONTACTS



CHRISTOPHER TAN
PARTNER AND DIRECTOR OF K&L GATES STRAITS LAW LLC
K&L GATES STRAITS LAW LLC
SINGAPORE
+65.6507.8110
CHRISTOPHER.TAN@KLGATES.COM



SU YUN KIEW
SENIOR ASSOCIATE
K&L GATES STRAITS LAW LLC
SINGAPORE
+65.6713.0296
SUYUN.KIEW@KLGATES.COM



MARIUS TOIME
PARTNER AND DIRECTOR OF K&L GATES STRAITS LAW LLC
K&L GATES STRAITS LAW LLC
SINGAPORE
+65.6507.8117
MARIUS.TOIME@KLGATES.COM

This publication/newsletter is for informational purposes and does not contain or convey legal advice. The information herein should not be used or relied upon in regard to any particular facts or circumstances without first consulting a lawyer. Any views expressed herein are those of the author(s) and not necessarily those of the law firm's clients.

©2005-2026 K&L Gates LLP. All Rights Reserved.