

## Client Update: Singapore Bills affecting Corporate Service Providers and Beneficial Owners

### Introduction

The Companies and Limited Liability Partnerships (Miscellaneous Amendments) Bill (the “**CLLPMA Bill**”) and the Corporate Service Providers Bill (the “**CSP Bill**”) and were passed by the Parliament of Singapore on 2 July 2024.

### The CLLPMA Bill

Generally, the CLLPMA Bill aims to increase transparency and enhance regulatory compliance for companies and LLPs. Key changes include the requirement to disclose nominee directors and shareholders, stricter penalties for maintaining inaccurate registers and annual verification of controllers’ information. These measures are designed to strengthen Singapore’s anti-money laundering framework and ensure greater accountability in the corporate services sector.

**The passage of the CLLPMA Bill is of particular importance to corporations who will be affected by the changes to these disclosure and filing-related requirements.** In this regard, the noteworthy changes are as follows:

**(1) Nominee Directors and Nominee Shareholders and the identities of the individuals who nominated them are required to be disclosed to ACRA**

Previously, nominee directors and nominee shareholders were only required to disclose their particulars to their companies, and such information was maintained in the companies’ register of nominee directors and register of nominee shareholders. This information was neither made publicly available nor submitted to ACRA.

Following the passing of the CLLPMA Bill, companies and foreign companies will need to file all information kept in their registers of nominee directors and nominee shareholders with ACRA, and this information will be kept and maintained by ACRA.

**(2) Penalties relating to the register of registrable controllers, nominee directors and nominee**

The new changes will mandate that corporations check annually with every registrable controller, whose particulars are stated in their register of controllers, as to whether there have been any changes/updates to their particulars by giving notice to each such controller.

In addition, foreign companies are now required to maintain registers of nominee directors and there will also be a revision of the definition of nominee shareholder, such that a shareholder will be deemed as a nominee shareholder if the shareholder satisfies either or both of the following requirements:

- the shareholder is accustomed or under an obligation whether formal or informal to vote, in respect of shares in the company or foreign company of which the shareholder is the registered holder, in accordance with the directions, instructions or wishes of any other person; and
- the shareholder receives dividends, in respect of shares in the company or foreign company of which the shareholder is the registered holder, on behalf of any other person.

The maximum fines for offences in relation to: (i) the registration of registrable controllers, nominee directors, and nominee shareholders for companies; and (ii) the registration of registrable controllers for limited liability partnerships fines will increase from S\$5,000 to S\$25,000.

## The CSP Bill

The CSP Bill requires all entities providing corporate services to register with ACRA ensuring comprehensive regulatory oversight. It introduces stringent anti-money laundering obligations and mandates the disclosure of nominee directors and shareholders to enhance transparency. Significant fines and penalties have been established for non-compliance and these limbs aim to enhance protections under Singapore law to preserve Singapore's status as a global financial hub. In this regard, the noteworthy changes are as follows:

**(1) All business entities carrying on a business of providing corporate services in and from Singapore will be required to register with ACRA as registered Corporate Service Providers ("CSP")**

Companies and other business entities that operate in Singapore and provide any corporate services will need to be registered as a CSP even if they do not file transactions on behalf of their customers with ACRA. Furthermore, companies and other business entities that are in the business of providing the corporate service of carrying out any designated activity in relation to the provision of any accounting service in Singapore, will also be required to register as a CSP.

A person who carries on business in Singapore of providing any corporate service without being registered as a CSP for that type of corporate service, is liable for an offence which carries a fine of up to S\$50,000 and/or imprisonment for a term not exceeding 2 years.

**(2) All registered corporate service providers will be required to comply with obligations, including those on anti-money laundering, countering the financing of terrorism and the proliferation of weapons of mass destruction, with relevant fines to be imposed for breaches**

All registered CSPs will need to comply with obligations relating to the financing of the proliferation of weapons of mass destruction in addition to obligations relating to anti-money laundering and counter-terrorism financing. Registered CSPs must perform customer due diligence measures before providing any corporate service to a customer, and where they have reason to suspect money laundering, terrorism financing or proliferation financing, or doubt the veracity or adequacy of previously obtained information. These measures are required before any transactions are lodged with ACRA.

Criminal liability will be imposed on registered CSPs and their senior management for breaches of these obligations. Fines for such breaches include the following:

- A registered CSP that breaches the AML/CFT/PF obligations will be liable, on conviction, to a fine not exceeding S\$100,000 per breach; and
- The senior management of a registered CSP that fails to ensure the registered CSP complies with its AML/CFT/PF obligations will also be liable, on conviction, to a fine not exceeding S\$100,000 per breach.

**(3) Individuals will be prohibited from acting as nominee directors by way of business unless the appointments are arranged by registered CSPs, and they have been assessed as fit and proper by the registered CSPs**

Individuals must not, by way of business, act as a nominee director of a company unless the appointment of the person as a nominee director of the company is arranged by registered CSPs. An individual who breaches this rule shall be guilty of an offense and shall be liable on conviction to a fine not exceeding S\$10,000.

CSPs would additionally have to be satisfied that an individual is fit and proper, before arranging for him to act as a nominee director of a company. Registered CSPs that breach this requirement shall be liable on conviction to a fine not exceeding S\$100,000.

While the abovementioned bills were passed on 2 July 2024, these bills will only come into effect upon notification in the Government Gazette. CSPs, individuals that act as nominees, and users of such services may wish to consider the implications of these bills and keep abreast of their obligations under the new legislation.

### **Contact Details**

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