

Corporate Commercial

Key Legislative Changes Enhancing Transparency and Beneficial Ownership of Companies, Foreign Companies, and LLPs

Introduction

On 10 January 2022, the Parliament passed the Corporate Registers (Miscellaneous Amendments) Act that amends the Companies Act ("**CA**") and the Limited Liability Partnerships Act ("**LLP Act**") to improve the transparency and beneficial ownership of companies and limited liability partnerships ("**LLPs**").

The changes align our corporate governance requirements closer with international standards by the Financial Action Task Force (FATF) to make it harder for illicit actors to engage in money laundering, terrorism financing and other actions that abuse the system.

This follows an earlier consultation in July 2021 conducted by the Ministry of Finance ("**MOF**") and the Accounting and Corporate Regulatory Authority ("**ACRA**"). We covered the key changes proposed in the Bill and the responses by MOF and ACRA in our earlier Client Update, accessible [here](#).

The changes have not come into force,¹ but companies and LLPs should be familiar with the changes and prepared when they do. Key legislative changes are highlighted below.

Registration of Individuals with Executive Control as Registrable Controllers under Prescribed Circumstances

Current Requirements	New/Amended Requirements
<ul style="list-style-type: none"> The CA and LLP Act require companies and LLPs to maintain a register of registrable controllers. Registrable controllers refer to individuals or corporate entities with significant interest or control over the company or LLP. 	<ul style="list-style-type: none"> In cases where a Singapore company, foreign company or LLP knows or has reasonable grounds to believe that the entity: <ol style="list-style-type: none"> has no registrable controller; or has a registrable controller but has not been able to identify the registrable controller,

¹ The Bill will come into force on such date the Minister for Finance appoints by notification in the *Gazette*.

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<ul style="list-style-type: none"> However, there is no requirement to record this if the company or LLP does not (or is not able to) identify such individuals or corporate entities. 	<ul style="list-style-type: none"> The company or LLP must identify individuals with executive control of the entity and record them as registrable controllers of the entity. Who are individuals with "executive control"? <ul style="list-style-type: none"> (i) For a Singapore company or a foreign company, this refers to individuals in senior management positions with executive control over managing company affairs, such as directors and chief executive officers. (ii) For a LLP, this refers to partners with executive control over managing the LLP's affairs. <p>ACRA will provide further guidance on how it will apply this definition.</p> The particulars of the individuals with executive control must be recorded within two business days after the date on which the entity: <ul style="list-style-type: none"> (i) knows, or has reasonable grounds to believe that the company, foreign company or LLP has no registrable controller; or (ii) having taken the reasonable steps required by the CA or the LLP Act, forms the opinion that it is unable to identify the registrable controller. Non-compliance with the above requirements is punishable with a fine not exceeding S\$5,000.

Local and Foreign Companies Must Keep Register of Nominee Shareholders and Nominators

Current Requirements	New/Amended Requirements
<ul style="list-style-type: none"> The CA does not require the nominee shareholder and the nominator (whom the nominee shareholder holds the shares on behalf of) to be recorded. 	<ul style="list-style-type: none"> New requirement for companies to maintain a non-public register of nominee shareholders and nominators in the prescribed form and place. Applies to both local and foreign companies. A "nominee shareholder" is a person who: <ul style="list-style-type: none"> (i) is <i>accustomed</i> 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, according to

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	<p>the directions, instructions or wishes of any other person; and</p> <p>(ii) 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.</p> <p>ACRA will provide further guidance on the concept of "accustomed".</p> <ul style="list-style-type: none"> • Nominee shareholders must: <ul style="list-style-type: none"> (i) notify their companies or foreign companies when they become, or cease to be, nominee shareholders within 30 days after the date on which they become, or cease to be, nominee shareholders; and (ii) provide prescribed particulars of their nominators to the companies or foreign companies within the same timeframe, and any changes to these particulars within 30 days after the changes. • Companies must update their register of nominee shareholders within seven days after receiving the information from nominee shareholders. • Non-compliance with the above requirements is punishable with a fine not exceeding S\$5,000.

Timelines for Updating Various Registers

Current Requirements	New/Amended Requirements
Register of nominee directors of Singapore company	
<ul style="list-style-type: none"> • Under the CA, a Singapore company must keep a register of its nominee directors. A director must inform his/her company if he/she is or has ceased to be a nominee director and if there is any change in the particulars of the person for whom he/she is a nominee. 	<ul style="list-style-type: none"> • A Singapore company must update its register of nominee directors within seven days after the Singapore company is informed: (i) that a director is or has ceased to be a nominee; or (ii) of any change to the particulars of a person for whom a director is a nominee.

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Current Requirements	New/Amended Requirements
<ul style="list-style-type: none"> No express requirement in the CA for the Singapore company to record such information in its register of nominee directors upon receipt. 	
Register of members of foreign company	
<ul style="list-style-type: none"> Foreign companies are required to keep a register of their members. No prescribed timeline to update register when there is a change in particulars. 	<ul style="list-style-type: none"> A foreign company must update its register of members within 30 days after any change in the particulars contained in the register.

In addition to the above, ACRA is currently consulting on other changes that will, among other things, further enhance transparency of beneficial ownership. For more details, please refer to our Client Update on "*ACRA Consults on Legislative Changes for Enhancing Transparency of Beneficial Ownership, Addressing Data Privacy & Digitalisation*", available [here](#).

Further Information

If you have any queries on the above development, please feel free to contact our team members below who will be happy to assist.

Click on the following links for more information:

- [Second Reading Speech by Ms Indranee Rajah, Second Minister for Finance, on the Corporate Registers \(Miscellaneous Amendments\) Bill](#)
- MOF and ACRA [Public Consultation on Proposed Enhancements To Singapore's Regime on Transparency And Beneficial Ownership Of Companies and Limited Liability Partnerships](#) issued on 2 July 2021
- MOF and ACRA [Summary of responses to public consultation on the draft Corporate Registers \(Miscellaneous Amendments\) Bill 2021](#) issued on 27 October 2021

Contacts



**Abdul Jabbar Bin Karam
Din**

Head, Corporate and
Transactional Practice

T +65 6232 0465

abdul.jabbar@rajahtann.com



Khairil Suhairee

Partner, Corporate Commercial

T +65 6232 0571

khairil.suhairee@rajahtann.com

Please feel free to also contact Knowledge and Risk Management at eOASIS@rajahtann.com

Our Regional Contacts

RAJAH & TANN | *Singapore*

Rajah & Tann Singapore LLP
T +65 6535 3600
sg.rajahtannasia.com

R&T SOK & HENG | *Cambodia*

R&T Sok & Heng Law Office
T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP
Shanghai Representative Office**
T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

Assegaf Hamzah & Partners

Jakarta Office

T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office

T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Lao PDR*

Rajah & Tann (Laos) Co., Ltd.
T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

Christopher & Lee Ong
T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

RAJAH & TANN | *Myanmar*

Rajah & Tann Myanmar Company Limited
T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)
T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

RAJAH & TANN | *Thailand*

R&T Asia (Thailand) Limited

T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

Rajah & Tann LCT Lawyers

Ho Chi Minh City Office

T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

Hanoi Office

T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

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