

Proposed amendments to the Companies Act, ACRA Act (and their related subsidiary legislation), and new Corporate Service Providers Bill

	Statutory provision	Current requirement (if any)	Proposed amendment	Reason for amendment
1.	New provision in the CSP Bill	Under section 28(2) ACRA Act, a person who is a registered qualified individual (“RQI”), or a person employed or engaged as a RQI, or any individual or partnership registered under the Business Names Registration Act, limited liability partnership, limited partnership or company registered or incorporated in Singapore only needs to register as a registered filing agent (“RFA”) if these persons or entities need to transact with ACRA on behalf of its customers.	<p>To introduce amendments for all RQIs, or persons employed or engaged as RQIs, or any individual or partnership registered under the Business Names Registration Act, limited liability partnership, limited partnership or company registered or incorporated in Singapore, that provide corporate secretarial services in and from Singapore will be required to register with ACRA under the CSP Bill, regardless of whether they are required to transact with ACRA.</p> <p>Corporate secretarial services mean:</p> <p>(a) forming corporations or other legal persons;</p> <p>(b) acting or arranging for another person to act as director, partner or other similar position;</p> <p>(c) providing a registered office, business address or correspondence or administrative address, or other related services</p>	<p>Currently, locally registered or incorporated persons or entities that wish to transact with ACRA on behalf of their customers must first register with ACRA as RFAs under the ACRA Act. RFAs are subject to anti-money laundering/ counter financing of terrorism (“AML/CFT”) obligations imposed under the Accounting and Corporate Regulatory Authority (Filing Agents and Qualified Individuals) Regulations.</p> <p>However, there is a regulatory gap as CSPs that are not RFAs may be engaged by customers to facilitate illicit activities. For example, during the Paradise and Panama Papers leaks, the media had reported that two CSPs were responsible for incorporating shell companies for their customers in overseas jurisdictions.</p> <p>Therefore, the proposed amendments enhances the regulatory regime for CSPs, levels the playing field for all CSPs operating in and from Singapore, and demonstrates Singapore’s commitment to</p>

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			<p>for a partnership, corporation or any other legal person; (d) acting or arranging for another person to act as shareholder on behalf of any corporation.</p> <p>Failure by such a Singapore-registered or incorporated person or entity that provides corporate secretarial services in and from Singapore to register will constitute an offence under the CSP Bill.</p>	combat money laundering/ terrorism financing (“ML/TF”).
2.	To amend section 31(13)(d) of the ACRA Act New provision in CSP Bill	The financial penalty for RFAs who are found to have breached the terms and conditions of their registration is up to a maximum \$25,000 per breach.	To increase the maximum financial penalty to at least \$50,000 per breach for RFAs, and impose an equivalent financial penalty for CSPs.	To ensure that the financial penalties are effective, commensurate and dissuasive, taking into consideration sanctions imposed on other service providers in Singapore ¹ and on CSPs in other foreign jurisdictions.
3.	To amend section 32(12)(d) of the ACRA Act	The financial penalty for RQIs who are found to have breached the terms and conditions of their registration is up to a maximum \$10,000 per breach.	To increase the maximum financial penalty to \$20,000 per breach for RQIs.	

¹ For instance, lawyers and money-lenders who commit ML/TF offences face penalties of up to \$100,000.

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4.	New provision in CSP Bill	<p>Currently, under s31(13) ACRA Act, where an RFA has breached any term or condition (including a term or condition relating to AML/ CFT obligations), the Chief Executive of ACRA may cancel or suspend the registration of the RFA, restrict the RFA's use of the electronic transaction system, require the RFA to pay a financial penalty or censure the RFA.</p> <p>There are currently no direct sanctions on directors/ owners/ partners of a RFA for breaches of AML/CFT obligations.</p>	To introduce a fine not exceeding \$100,000 ² on directors, owners or partners of CSPs for the CSP's breaches of AML/CFT obligations if the breach was committed with the consent or connivance of, or is attributable to any neglect by these individuals.	The introduction of sanctions on officers/ position holders of CSPs would hold these individuals accountable for breaches of AML/ CFT obligations ³ . The proposed amendments also enhances our regulatory regime for CSPs and ensures that the sanctions are effective, proportionate and dissuasive.
5.	New provision in the CSP Bill	Currently, RFAs are required to perform	To introduce amendments to the equivalent of paragraph 8 in the	To ensure that CSPs' customer due diligence requirements are consistent with

² This is in line with sanctions for breaches of AML/CFT obligations by other service providers in the Legal Profession Act and the Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act.

³ Under section 40 of the ACRA Act, where an offence under the ACRA Act has been committed by a body corporate with the consent or connivance of, or to be attributable to any neglect on the part of, a director, manager, secretary or any similar officer of the body corporate, or any person who was purporting to act in any such capacity, he, as well as the body corporate, shall be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

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		customer due diligence on a risk-sensitive basis under paragraph 8 of the First Schedule of ACRA (Filing Agents and Qualified Individuals) Regulations, but the specific requirements are not spelt out.	CSP Bill, by requiring CSPs to conduct screening of their customers against prescribed sources of information (i.e. the relevant United Nations lists and Ministry of Home Affairs lists), and to perform risk assessment on their customers.	the FATF Recommendations, and the requirements for professional accountants who are required to screen their customers against relevant ML and TF information sources.
6.	New provision in the CSP Bill	There is currently no requirement for RFAs to implement a group-wide AML/CFT policy to require their branches or subsidiaries in Singapore or elsewhere to adhere to a group policy to mitigate their ML/TF risks.	To require CSPs to implement a group-wide AML/CFT policy to require their branches and subsidiaries in Singapore or elsewhere to have a group policy to mitigate their ML/TF risks.	To ensure consistency with FATF Recommendation 18 read with Recommendation 23 ⁴ , which require CSPs to implement group-wide programmes against ML/TF/ financing of proliferation of weapons of mass destruction ⁵ including policies and procedures for sharing information within the group, and enhance the regulatory regime for CSPs This also ensures consistency with the requirements for other professional sectors

⁴ FATF Recommendation 18 require financial groups to implement group-wide programmes against ML/TF, including policies and procedures for sharing information within the group for AML/CFT purposes. FATF Recommendation 23 states that the requirements in FATF Recommendation 18 apply to all designated non-financial businesses and professions (“DNFBPs”). CSPs fall under DNFBPs.

⁵ Financing of proliferation of weapon of mass destruction is the act of providing funds or financial services which are used in whole or in part, for manufacturing, acquisition, possession, development, export etc for weapons of mass destruction.

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				such as public accountants, moneylenders, pawnbrokers and lawyers ⁶ .
7.	To amend paragraph 26 of the First Schedule of the ACRA (Filing Agents and Qualified Individuals) Regulations	RFAs are required to display their notices of registration conspicuously at every place of business at which they carry out the function of a filing agent.	To remove this requirement.	To remove the administrative burden on RFAs, as verification can be done using the publicly accessible search function on ACRA's electronic transaction system, Bizfile+.
8.	New provision in the CSP Bill	There is currently no requirement for RFAs to file a copy of their suspicious transaction reports ("STRs") with ACRA.	To require CSPs to provide ACRA with copies of STRs that they file with the Suspicious Transaction Reporting Office ("STRO").	To facilitate more timely follow-up by ACRA on suspicious transactions, and ensures consistency with the Casino Control (Prevention of Money Laundering and Terrorism Financing) Regulations, which require a casino operator, at the time or immediately after it files a STR to STRO, to submit a copy of the STR to the Casino Regulatory Authority.
9.	Not to include exemptions	Currently, RFAs need not inquire if there exists any beneficial owner in	To remove the exemptions equivalent to those in paragraph 10(7)(a) and 10(7)(b) of the First	To ensure consistency with the FATF Recommendations, which do not permit such blanket exemptions unless

⁶ For example, Rule 18(2) of the Legal Profession (Prevention of Money Laundering and Financing of Terrorism) Rules states that "Where a Singapore law practice has any branch or subsidiary (whether in Singapore or elsewhere), the Singapore law practice must implement group-wide programmes for the prevention of money laundering and the financing of terrorism ...".

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	equivalent to those in paragraphs 10(7)(a) and (b) of the First Schedule of ACRA (Filing Agents and Qualified Individuals) Regulations in the CSP Bill	relation to a customer where the customer is (a) a Singapore government entity or (b) a foreign government entity.	Schedule of the Regulations which provide that RFAs do not have to inquire on the existence of beneficial owners in relation to a customer which is a Singapore government entity or a foreign government entity.	jurisdictions are able to show that the ML/TF risks involved are low. This also ensures consistency with the removal of the exemptions equivalent to those in paragraphs 10(7)(a) and 10(7)(b) of the First Schedule of the Regulations for banks ⁷ .
10.	New provision in CSP Bill.	There is currently no requirement relating to financing of proliferation of weapons of mass destruction (“PF”) for RFAs.	To provide that the AML/CFT obligations for CSPs also cover PF. These obligations require CSPs to perform screening against the relevant Regulations under the United Nations Act and not to conduct business with individuals or entities from countries which have been sanctioned.	To ensure consistency with the AML/CFT obligations in the FATF Recommendations, which cover PF, and also ensure that CSPs comply with the requirements in the United Nations Act.
11.	New provision in CSP Bill	There are no specific requirements for CSPs to ensure that the individuals they appoint as nominee directors are fit and	To require CSPs to ensure that individuals they appoint to act as nominee directors: (i) are fit and proper; and	Currently, there has been a significant increase in the misuse of nominee directorship arrangements in the creation and misuse of shell companies by concealing the identity of a company’s true

⁷ The equivalent exemptions have been removed from paragraphs 6.16(a) and (b) of “MAS Notice 626 on Prevention of Money Laundering and Countering the Financing of Terrorism – Banks” since 30 Nov 2015.

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		proper. There are also no additional obligations imposed on individuals acting as nominee directors by way of business.	(ii) satisfy prescribed training requirements, if they hold more than a legally prescribed number of nominee directorships by way of business (unless they are qualified persons) ⁸ .	beneficial owners, in order to facilitate money laundering. The situation is observed to be largely created by CSPs, who in carrying on business of providing nominee directorship services, appoint unqualified individuals to act as nominee directors. Such individuals who act as nominee directors are also not required to comply with additional legal obligations relating to directorship. Therefore, the proposed amendments are intended to address these risks and prevent the misuse of nominee directorship arrangements by way of business, and to improve the quality of individuals who act as nominee directors by way of business.
12.	New provision in Companies Act	Individuals who are nominee directors/ shareholders are only	To require nominee directors and shareholders to disclose their nominee status and the identity of	In Feb 2022, the FATF Recommendations have been amended to enhance the

⁸ A qualified person is one who satisfies the professional requirements under Regulation 4 of the ACRA (Filing Agents and Qualified Individuals) Regulations, such as:

- an advocate and solicitor of the Supreme Court of Singapore;
- a public accountant registered under the Accountants Act;
- a member of the Institute of Singapore Chartered Accountants;
- a member of the Association of International Accountants (Singapore Branch);
- a member of the Institute of Company Accountants, Singapore; or
- a member of the Chartered Secretaries Institute of Singapore.
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		<p>required to disclose their particulars to their companies, and such information has to be maintained in the Register of Nominee Directors.</p> <p>This information is not publicly available nor submitted to ACRA.</p>	<p>their nominators to ACRA and for ACRA to maintain such information. Upon disclosure to ACRA, the nominee status of the director/shareholder will be made publicly available.</p>	<p>transparency of nominee arrangements⁹. The FATF Recommendations now require nominee directors and shareholders to disclose their nominee status and the identity of their nominator to ACRA and for ACRA to maintain such information. They also require that the nominee status of the director/shareholder be made publicly available.</p>

⁹ Paragraph 15 of the Interpretive Note to Recommendation 24.