

**Second Reading Speech By Senior Minister of State for Finance Mrs  
Josephine Teo On The Accounting and Corporate Regulatory Authority  
(Amendment) Bill 2014 on 14 April 2014 at the Parliament**

1. Mdm Speaker, I beg to move, “That the Accounting and Corporate Regulatory Authority (Amendment) Bill be now read a second time.”

***(i) Enhanced Regulatory Framework for Corporate Service Providers***

2. Singapore has garnered a strong reputation as a trusted international financial and business centre with a robust regulatory framework against money laundering and terrorist financing. Since 1992, Singapore has been a member of the Financial Action Task Force (FATF), the global standard setter for anti-money laundering and counter terrorism financing. As a responsible member of FATF, Singapore ensures that the framework applied here is constantly updated and aligned with established international standards.

3. With money laundering and terrorist financing activities becoming increasingly sophisticated, regulatory authorities and enforcement agencies need better tools to effectively address emerging risks. Although there are existing controls for sectors such as banks and casinos, one area where they need to be strengthened is for corporate service providers, which are individuals or businesses that provide services such as corporate advisory, office hosting, companies set-up, corporate secretarial services and statutory filing of documents with the Accounting and Corporate Regulatory Authority (“ACRA”).

4. Corporate service providers do not typically handle services that involve large amounts of cash. However, there is a risk that the companies they help to incorporate may be abused by criminals to set up complex or unusual business structures to conceal beneficial ownership, and reduce the transparency of transactions.

5. Hence, there is a need to enhance the regulatory framework for corporate service providers. Besides mitigating the risks of money laundering and terrorism financing, regulatory enhancement will also raise the professional standing of corporate service providers.

6. This Bill and the new supporting subsidiary legislation will put into law the obligations of the Singapore Government as a member of FATF.

7. I will now elaborate on the key amendments in the Bill:

(a) First, corporate service providers who perform statutory filings for their customers using ACRA's electronic filing system (known as Bizfile) will need to be registered as filing agents. The professionals whom the filing agents employ or appoint will need to be registered as qualified individuals. Both filing agents and qualified individuals must be fit and proper persons and satisfy competency and experience requirements.

(b) Second, the amendments will impose new requirements on registered filing agents, through the subsidiary legislation. These requirements will be consistent with the relevant FATF recommendations, including the obligations to perform customer due diligence and transaction monitoring on customers, and to consider whether it is necessary to file suspicious transaction reports. For example, as part of customer due diligence, registered filing agents will be required to obtain beneficial ownership information of their customers. The availability of beneficial ownership information increases the transparency of transactions and makes it more difficult for money laundering and terrorism financing activities to be carried out.

(c) Third, the amendments introduce enforcement powers for ACRA to sanction registered filing agents and registered qualified individuals who breach their legal obligations. These sanctions include issuance of a censure, suspension or cancellation of registration, or financial penalties. ACRA will

take a calibrated approach in imposing sanctions, taking into account the seriousness and/or frequency of the breach.

### *Transitional Arrangements*

8. As of March 2014, there are approximately 3,000 businesses and 3,600 individuals registered with ACRA as corporate service providers. These registered persons include advocates and solicitors, public accountants, members of the Institute of Singapore Chartered Accountants, the Association of International Accountants (Singapore Branch), the Institute of Company Accountants, Singapore, the Singapore Association of the Institute of Chartered Secretaries and Administrators, and corporate secretarial agents.

9. We will manage the transition carefully. Outreach programmes will be conducted and corporate service providers are encouraged to attend these programmes to familiarise themselves with the stricter regime. Thereafter, there would be a window period for the corporate service providers to decide if they wish to continue performing their business activities under the enhanced regulatory framework.

10. Existing providers who opt in during this window period will be transitioned to the new regime as registered filing agents and qualified individuals until end 2015, regardless of whether they meet the competency and experience requirements. ACRA will also waive the registration fee for them. After the transition period, they are required to renew their registration annually and meet these requirements.

11. ACRA has also formed a working group comprising professional bodies whose members are corporate service providers to draft practical guidelines and templates to enable them to comply with their new legal obligations. This includes what corporate service providers should do when performing customer due diligence, and what they should consider when setting up internal policies, procedures and controls.

12. Overall, the legislative amendments will raise the professional standards of corporate service providers in Singapore, and significantly reduce risks of money laundering and terrorism financing.

**(ii) Clarify and Enhance ACRA's Powers**

13. This Bill also proposes amendments to the ACRA Act to clarify and enhance ACRA's powers in several areas:

a. Protection of ACRA's name and acronym against possible infringement

14. First, for better protection of ACRA's name and acronym against infringement, the amendments will make it an offence for anyone making unauthorised use of ACRA's name and acronym.

b. Enforcement powers of ACRA officers

15. Second, the amendments will give additional powers to ACRA officers to facilitate enforcement, consistent with the Acts of newly set up regulatory authorities in Singapore. These include the powers to examine a person orally and to reduce such statements into writing, to enter premises for the purpose of investigating an offence, and to take photographs or video recordings.

c. Composition sum for offences

16. Third, the amendments will raise the maximum composition sum that ACRA may impose from \$1,000 currently to half of the maximum fine or \$5,000, whichever is lower. This will align the ACRA Act with other ACRA-administered legislation.

***(iii) Channel ACRA's revenue from penalties and composition sums to Government Consolidated Fund***

17. Finally, this bill stipulates that monies which are collected by ACRA are to be paid into the Government Consolidated Fund. This change is to keep ACRA's funding separate from the monies it collects from penalties and composition sums.

**Conclusion**

18. Mdm Speaker, I beg to move.