

**KEYNOTE ADDRESS BY MR ONG KHIAW HONG, CHIEF
EXECUTIVE, ACCOUNTING AND CORPORATE REGULATORY
AUTHORITY ON 18 NOVEMBER 2020, 9.05AM AT THE CSIS 5TH
CORPORATE SERVICE PROVIDERS CONFERENCE HELD VIA
ZOOM WEBINAR**

Mr Nathaniel C V, Chairman, Chartered Secretaries Institute of Singapore (CSIS),

Distinguished guests,

Ladies and gentlemen,

Good morning. Thank you for inviting me to the fifth annual Corporate Service Providers Conference. I am happy that CSIS is hosting this conference on a virtual platform – so that we can continue to exchange ideas and share perspectives on the latest industry developments, even while we keep to the safe distancing measures.

2 2020 has been a challenging year for all of us. The outbreak of COVID-19 severely disrupted economic activities and the way businesses are conducted. The pandemic has highlighted the acute need for businesses to accelerate their digital transformation efforts.

3 The theme for today’s seminar, “Corporate Service Providers in the New Normal” is an apt and timely reminder that the CSP sector needs to build resilience to thrive amidst the COVID-19 disruptions.

ACRA's Support for Businesses during COVID-19

4 Since the start of 2020, ACRA has been tracking the developments of the COVID-19 situation closely, to identify ways to support businesses and stakeholders. We held virtual meetings with CSIS to understand the challenges faced by the CSP sector; and discussed the support measures to help you and your clients.

5 Recognising that COVID-19 has severely affected businesses' ability to comply with statutory obligations, we worked with fellow regulators – the Singapore Exchange Regulation (SGX RegCo), the Monetary Authority of Singapore (MAS) and the Ministry of Law (MinLaw) – to quickly respond with measures to provide businesses with temporary reliefs.

6 We granted all companies an extension of time to hold annual general meetings and file annual returns, without the need for them to apply for the extension. We also allowed companies and provided guidance on how to conduct virtual meetings. Over 120,000 eligible companies have benefitted from these various measures.

7 We also issued a Financial Reporting Practice Guidance to help directors in their review of financial statements. The guidance included indicators of non-compliance with accounting standards, and areas to look out for when directors assessed the impact of COVID-19 on financial reporting.

8 While Singapore has reopened parts of the economy, business conditions are unlikely to return to pre-pandemic level in the near future;

more companies may become insolvent. We are working with MinLaw to implement the Insolvency, Restructuring and Dissolution (Amendment) Act passed by Parliament just last week. The Act aims to provide simpler, faster, and lower-cost ways for micro and small companies to restructure their debts, or to wind up in an orderly manner.

9 We will continue to engage you and our other stakeholders to obtain feedback on other areas that may affect your business, or your ability to comply with statutory obligations.

Harnessing Technologies to Create New Ways of Working

10 The pandemic has highlighted the importance for all sectors of the economy to be agile. As many businesses digitalise, we in ACRA have also embarked on a similar journey, so that we can support the business sector as you digitalise and innovate to stay relevant. Let me share some of the initiatives that we are working on.

11 ACRA and IRAS have worked with software providers on a new digital solution, to enable businesses to seamlessly prepare and file statutory returns directly from their accounting systems via Application Programming Interfaces (APIs). Smaller companies used to take as long as 9 hours to manually prepare and file these returns. With the new solution, it will take only about half an hour to file the same returns.

12 We are also improving our information services. We are working on blockchain and API technology to develop an OpenCerts service. This is an authentication service that allows users to verify the authenticity of our information products, like Business Profiles and Incorporation Certificates.

13 In the coming year, we will continue to simplify the incorporation and filing processes. We will add tools to guide users as they go through these processes. We will obtain information directly from source, where feasible, to reduce data entry errors and improve the timeliness of the data. We are tapping on data analytics tools to improve our ability to identify and detect those who flout the laws. We will help those who want to comply with the laws to do so by giving them timely reminders and guidance.

Raising Professional Standards of the CSP Sector

14 I have highlighted some of the ideas we are working on to improve customer service and facilitate voluntary compliance. I hope they will reduce your compliance burden and free up time for you to work on higher value-added activities and move up the value chain.

15 Indeed there is already a slew of digital solutions provided by IMDA's Start Digital Programme, covering accounting, human resource, digital marketing, digital transactions and cyber security. As CSPs, you can ride on the various programmes, to speed up the pace of transformation in your sector.

16 CSPs play a key role in facilitating the setting up of businesses in Singapore. However, some CSPs who act as locally resident or nominee directors, may unknowingly assist in the setting up of corporate vehicles for criminal or other illicit activities.

17 As CSPs, you must not allow nominee directors to be appointed in name only. Nominee directors must support the business activities of the

company and fulfil their statutory obligations as directors of the company. ACRA will not hesitate to take action against CSPs and nominee directors, who are involved in companies set up for money laundering and other illicit purposes. Let me share a recent case.

18 Recently, two employees of a CSP firm pleaded guilty for breach of directors' duties. They were each fined \$2,000 and disqualified from acting as directors. They had acted as nominee directors for shell companies involved in money laundering activities, and had failed to supervise the affairs of the companies. The director of the CSP firm was also charged and convicted for abetting the employees for failing to discharge his director's duties.

19 As long as you are appointed as a director, you are required to carry out the duties of a director as set out under the Companies Act. You must therefore take your directors' duties seriously, conduct due diligence checks and act in the best interest of the company.

20 Those who do not do so may face enforcement or prosecution actions. If convicted, these directors may be fined, disqualified or face jail sentences.

Staying Vigilant Against Money Laundering and Terrorism Financing

21 To uphold Singapore's reputation as a trusted international financial and business hub, we need to stay vigilant to emerging risks and trends in money laundering (ML) and terrorism financing (TF).

22 CSPs have an important role to play as a key gatekeeper to Singapore's financial eco-system. The Financial Action Task Force (FATF), which is the inter-governmental body that sets international standards to prevent ML/TF, has developed a set of recommendations which countries including Singapore have committed to implementing.

23 In line with the recommendations, we have put in place the regime for anti-money laundering and countering financing of terrorism (AML/CFT). The regime comprises a registration framework for RFAs and the requirements for RFAs to fulfil prescribed obligations for AML/CFT purpose.

24 To help RFAs understand and comply with their obligations, we have been engaging the CSP sector through activities that promote voluntary compliance and detect and deter non-compliance. These include: (1) industry outreach such as this conference; (2) our compliance review and inspection programme that we have been conducting since 2015; and (3) the mandatory AML/CFT training that was introduced in 2018.

25 At the Conference last year, I mentioned that our 2018 compliance review showed that the majority of the CSPs had remained vigilant in their AML/CFT obligations. This continues to be evident from our 2019 compliance review – 87% of the RFAs reviewed obtained a “Compliant” rating, an improvement from the 78% in 2018. This shows that the majority of RFAs take their AML/CFT obligations seriously, and discharge their duties in a professional manner.

26 Of the remaining 13%, those who scored a “Satisfactory” rating were advised to take steps to improve their AML/CFT obligations; and for those with a “Non-compliant” rating, we will conduct follow-up inspections and impose sanctions if there are breaches.

27 We take a serious view of any breach in AML/CFT obligations. We will continue to assist RFAs who need help to comply with their obligations. However, we will not hesitate to take strong actions against those who refuse to comply or intentionally break the law.

28 We will continue to work with all of you to keep our regulatory framework robust and relevant. We are also working closely with our international counterparts on the best practices to combat ML/TF. My colleague will share more information on this with you tomorrow.

Conclusion

29 Before I conclude, I would like to congratulate the CSIS for being conferred the “Star Partner Award” at this year’s Public Sector Transformation (PST) Awards Ceremony. This award recognises your contributions in uplifting the professional standards of the CSP sector.

30 We are happy that CSIS has launched the new Competency Framework for the CSP Sector. We applaud CSIS for taking the lead to transform and improve the sector, and I urge all CSPs to continue to upskill, to raise the value-add and professional standing of CSPs.

31 ACRA and CSIS have built a good working relationship over the years. CSIS is a valued partner for ACRA, and we will continue to work

together to ensure that our regulatory regime remains relevant and up-to-date.

On this note, I wish you all a fruitful and productive conference.

Thank you.