

SECOND READING SPEECH

BY INDRANEE RAJAH

SECOND MINISTER FOR FINANCE

**ON THE CORPORATE REGISTERS (MISCELLANEOUS
AMENDMENTS) BILL**

Mr Deputy Speaker, I beg to move, "That the Bill be now read a second time."

2. The Corporate Registers (Miscellaneous Amendments) Bill covers four sets of amendments to the Companies Act and the Limited Liability Partnerships Act. Two sets of amendments introduce new requirements. The other two clarify existing requirements.

3. These amendments will strengthen Singapore's corporate governance regime, and affirm our commitment to combating money

laundering, terrorism financing and other threats to the integrity of the international financial system.

4. The amendments will also bring us into closer alignment with the international standards set by the Financial Action Task Force, or “FATF”, of which Singapore is a member. The FATF is an intergovernmental organisation that sets international standards to prevent global money laundering and terrorism financing, and the harm that is caused to financial ecosystems and society at large.

5. The Ministry of Finance and the Accounting and Corporate Regulatory Authority (ACRA) sought views from the public on the draft Bill in July last year, and have taken in the feedback received where relevant and feasible. I thank the contributors for their inputs.

6. Let me start by setting out the two new requirements that will be introduced, via amendments to the Companies Act and the Limited Liability Partnerships Act.

Amendment 1: Register of Nominee Shareholders

7. Today, the Companies Act already requires companies to maintain a register of members (or shareholders).

8. In certain situations, a shareholder may hold shares on behalf of another person. In such a situation the person holding the shares is known as the nominee shareholder, while the person for whom the shares are held is known as the nominator.

9. Our Acts today do not require the nominator to be identified, as he or she is not the shareholder on record. However, as the nominee shareholder typically acts on the instructions of the nominator, the lack of transparency on the identity of these persons who actually control the shares is an area of concern internationally.

10. The first set of amendments today aim to address these concerns and align our legislation to FATF Recommendations, by requiring both local and foreign companies in Singapore to: first, keep a non-public register of nominee shareholders and their nominators,

and second, update their register within 7 days of being informed by the nominee. This will ensure that nominators who are effectively controllers of a company are properly identified, in line with the international standards.

11. With this amendment, nominee shareholders will also be required to inform the company of their nominee status and their nominators in a timely manner.

12. These amendments are provided for in Clause 2(i) of the Bill.

Amendment 2: Identification of Registrable Controllers

13. The second set of amendments introduces new requirements in relation to the identification of registrable controllers, for local and foreign companies and LLPs.

14. Today, companies and LLPs are already required to maintain a register of registrable controllers. These are individuals or corporate

entities that have a significant interest in or significant control over the company or LLP.

15. However, there have been situations where a company or an LLP claims to have no registrable controllers with significant interest or control.

16. Under the new requirement, companies and LLPs which are unable to identify a registrable controller who has a significant interest in or significant control over the company or LLP, will be required to identify all individuals with executive control over the company or LLP as registrable controllers. Individuals with executive control are the chief executive officers, and directors or partners who exercise executive control over the daily or regular affairs of the company or LLP through a senior management position.

17. This will enhance the transparency of beneficial ownership and control of companies and LLPs in Singapore, by ensuring that a registrable controller is identified for all companies and LLPs, in line with international expectations.

18. Clauses 2(e) and 3(c) of the Bill provide for this amendment.

Amendments 3 and 4: Clarifications on existing requirements

19. Aside from these two sets of amendments, this Bill also seeks to clarify the timelines for local and foreign companies to update their various registers.

20. The third set of amendments requires local companies to update their register of nominee directors within 7 days of receiving information from their nominee directors.

21. Local companies are already required to maintain a register of nominee directors, reflecting their status as a nominee director and the particulars of their nominator. However, no time frame is specified for local companies to update their register when there is a change in particulars of the nominee director or their nominator. Specifying a 7-day time limit for this provides clarity on the expected timeline, and will

ensure that the register is updated in a timely manner. Clause 2(f) of the Bill provides for this amendment.

22. Finally, the fourth set of amendments specifies a 30-day time frame for foreign companies to update their register of members.

23. Foreign companies are already required to keep a register of members at their Singapore branch, but currently there is no time frame specified as to when updates must be made when there is a change in their members' particulars. This amendment will similarly provide clarity to the foreign companies on the timeline expected for updating their register.

24. We have allowed a longer time frame for foreign companies to give them sufficient time to contact their members, who may be based overseas, and to update their register. Clause 2(a) of the Bill provides for this amendment.

25. The proposed amendments in this Bill on the new registers to be maintained, and the clarification of the timelines within which the various registers must be updated, will strengthen Singapore's regime on the transparency and beneficial ownership of companies and LLPs.

26. Mr Deputy Speaker, I beg to move.