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Singapore passes Corporate Service Providers Bill and Companies and Limited Liability Partnerships (Miscellaneous Amendments) Bill

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Key takeaways

- Singapore Parliament passes Corporate Service Providers Bill and Companies and Limited Liability Partnerships (Miscellaneous Amendments) Bill
- The new legislation strengthens Singapore's regulatory framework to combat financial crime and enhances transparency in the corporate sector
- More stringent registration and compliance requirements imposed on corporate service providers, complemented by an enhanced disclosure regime on nominee directors and shareholders

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Introduction

The Corporate Service Providers Bill (the CSP Bill) and the Companies and Limited Liability Partnerships (Miscellaneous Amendments) Bill (the CLLPMA Bill) were passed by the Singapore Parliament on 2 July 2024. The legislation seeks to combat financial crime by strengthening Singapore's anti-money laundering regime. Specifically, the CSP Bill will enhance Singapore's regulatory regime for corporate service providers (CSPs), while the CLLPMA Bill complements the CSP Bill by enhancing the transparency of beneficial ownership of companies and limited liability partnerships.

Key changes

The CSP Bill and CLLPMA Bill will introduce the following key changes:

- **Registration with the Accounting and Corporate Regulatory Authority (ACRA):** All Singapore-based entities that provide corporate services in and from Singapore must register with ACRA as registered CSPs even if they do not file transactions on behalf of their customers with ACRA. This expands the current requirement that only applies to CSPs that transact with ACRA. Corporate services include acting or arranging for persons to act as directors or nominee shareholders. The registration requirements only apply to business entities and do not include individuals transacting with ACRA as authorised employees of a registered CSP.
- **Anti-money laundering obligations:** All registered CSPs must comply with certain obligations, including anti-money laundering requirements, which will be detailed in subsidiary legislation and guidelines. Criminal liability will be imposed on CSPs and their senior management for any breach of such obligations, with fines of up to S\$100,000 for each breach.
- **Nominee directorship arrangements:** Individuals can only act as nominee directors by way of business if the appointments are arranged by registered CSPs and they have been assessed as fit and proper by the registered CSPs. Non-compliant individuals can face fines of up to S\$10,000, while non-compliant CSPs can face fines of up to S\$100,000.
- **Disclosure of nominee status:** Companies must disclose the nominee status of nominee directors and nominee shareholders to ACRA. Upon disclosure to ACRA, such information will be made publicly available, though the identify of nominators will not be publicly disclosed. Only public agencies may access the full information maintained by ACRA for the administration or enforcement of any written law.
- **Accuracy of registers:** Companies and LLPs will face increased fines for failing to maintain accurate and up-to-date registers of registrable controllers, nominee directors and nominee shareholders with ACRA, ranging from S\$5,000 to S\$25,000. The provision of any false or misleading information to ACRA is an offence, with fines of up to S\$25,000. Companies and LLPs must verify and update their controllers' information on an annual basis.

Implementation timeline

The CSP Bill and CLLPMA Bill have yet to come into effect. They will enter into force on a date to be appointed by notification in the *Government Gazette*. Based on the information published by ACRA on its website, ACRA will provide sufficient lead time for the implementation of the proposed amendments.

Concluding remarks

The passage of the bills underscores Singapore's commitment to combatting financial crime through enhanced transparency and regulatory oversight, reinforcing its position as a global financial hub committed to stringent regulatory standards.

Nominee arrangements can be beneficial for many foreign enterprises seeking to set up in Singapore, but can also present various risks. The new legislation thus seeks to strike a balance between oversight and risk management, while maintaining business efficiency. CSPs and individuals who act as nominees by way of business should keep up to date with the enhanced requirements and ensure that they comply with the requirements of the CSP Bill and CLLPMA Bill.

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