

ENHANCING CORPORATE TRANSPARENCY

Amendments to Bills recently passed in Parliament will make ownership and control of corporate entities more transparent



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ON MARCH 10, 2017, Parliament passed the Companies (Amendment) Bill and Limited Liability Partnerships (Amendment) Bill. The amendments in these Bills will take effect in phases. A key legislative amendment which took effect from March 31 requires all corporate entities, namely companies, foreign companies and limited liability partnerships (LLPs) – unless exempted by legislation – to maintain a register of beneficial owners (termed as registrable “controllers”). Companies will also be required to maintain a register of nominee directors.

With global concern over money laundering, terrorist financing and tax evasion, knowing who are the ultimate controllers of business entities is gaining international importance. This recent legislative change aims to make the ownership and control of corporate entities more transparent, and reduces opportunities for the misuse of corporate entities for illicit purposes.

It will also bring Singapore in line with international standards to combat money laundering and terrorist financing, and facilitates tax transparency. It will further boost Singapore’s ongoing efforts to maintain its strong reputation as a trusted and clean financial hub.

The registers that corporate entities are expected to keep are:

- **Registers of Controllers (non-public):** Singapore-incorporated companies and foreign companies registered in Singapore must maintain a register of their controllers. A “controller” is an individual or a legal entity that has significant interest in or significant control over an entity. What constitutes significant control and significant interest is spelt out in the Bills. This register is not open to the public. More information can also be found at www.acra.gov.sg/CA_2017

- **Registers of members of foreign companies (public):**

Foreign companies registered in Singapore must now maintain a public register of their members. This brings them in alignment with Singapore incorporated companies.

- **Registers of nominee directors (non-public):**

Singapore-incorporated companies must now maintain a register of their nominee directors. This register is not open to the public.

Although the registers relating to controllers and nominee directors will be kept only by the corporate entity and will not be made available to the public, they can be inspected by the Accounting and Corporate Regulatory Authority (Acra) and other public agencies administering or enforcing any written law (including law enforcement agencies) upon request.

TRANSITIONAL ARRANGEMENTS

To help companies, foreign companies and LLPs prepare to comply with this new requirement, these existing corporate entities will have a transitional period of 60 days from the date of commencement of the new law (March 31), after which they must maintain the register of controllers. Companies, foreign companies and LLPs incorporated/registered after March 31 will have a transitional period of 30 days.

In general, the duty to maintain such registers requires these corporate entities to send notices querying relevant parties about the existence of controllers, and to record the responses received in the register of controllers. These corporate entities are not in breach of the duty should recipients fail to respond or respond inaccurately. ■

This article is contributed by the Accounting and Corporate Regulatory Authority

RESOURCES FOR COMPANIES

Companies, foreign companies and LLPs can tap the following help resources:

- Acra-issued guidance for companies, foreign companies and LLPs on how to comply with the requirements.
- Forms of notice that companies, foreign companies and LLPs can use to send via hard copy or electronically to their shareholders, directors or partners, and any other relevant persons to assist them in obtaining the information required for their register of controllers.
- Detailed information on these new requirements is available on Acra’s website at www.acra.gov.sg/CA_2017. This includes relevant subsidiary legislation, frequently asked questions and a video on how to set up the registers.
- The public can also contact the Acra Helpdesk at 6248-6028 or via www.acra.gov.sg/askacra.