



New Registers on Beneficial Ownerships and Control of Corporate Entities

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New regulatory requirements for companies, foreign companies and LLPs have been introduced which will lead to greater transparency on the ownership and control of corporate entities.

On 10 March 2017, Parliament passed the Companies (Amendment) Bill and Limited Liability Partnerships (Amendment) Bill.

A key legislative amendment which took effect from 31 March 2017 requires all corporate entities, namely companies, foreign companies and limited liability partnerships (LLPs) incorporated / registered in Singapore (unless exempted by legislation, such as listed companies and Singapore financial institutions) to each maintain a register of beneficial owners (termed as “registrable controllers”).

Companies and foreign companies are also required to each maintain a register of nominee directors and a public register of members respectively.

Greater transparency of ownership and control

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

This will also put Singapore in line with international standards to combat money laundering and

terrorist financing, and facilitate tax transparency. It will further boost Singapore’s on-going efforts to maintain our strong reputation as a trusted financial hub.

Corporate entities to maintain new registers

The new registers that corporate entities must maintain are:

- **Registers of registrable controllers (non-public).** All corporate entities 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 Companies Act and Limited Liability Partnerships Act and described in the “ACRA-issued Guidances”. This register is not open to the public.

Corporate entities are required to identify their registrable controllers, obtain their particulars and maintain these particulars in a register at their registered offices or those of their registered filing agents appointed for that purpose. A registrable controller is defined based on various criteria. For companies, it includes interest in more than 25 per cent of shares; right to appoint or remove directors holding a majority of the voting rights at director meetings; and the right to exercise or actually exercising significant influence or control.

FAQ on the Register of Registrable Controllers

- **Who needs to comply with these new requirements? Are there any exemptions?**

All companies, foreign companies and LLPs (unless exempted by legislation) are required to maintain a register. Exempted entities include listed companies and companies that are Singapore financial institutions. Companies undergoing winding up, receivership, judicial management or striking off are not exempted. For the full list of exempted entities, please refer to ACRA's website.

- **Must the register be made public?**

The register is not available for public inspection. For example, members of a company, auditors and financial institutions do not have access. However, corporate entities must give the Registrar and law enforcement authorities (e.g. Singapore Police Force; Commercial Affairs Department; Corrupt Practices Investigation Bureau; and Inland Revenue Authority of Singapore) access to the register and any

supporting records and documents. The same position applies to the register of nominee directors.

- **Must the notice be sent electronically or by registered mail?**

The notice may be sent electronically or in hardcopy. Registered mail is not necessary.

- **What happens if the addressee of a notice does not reply?**

If a registrable controller does not reply to a notice sent to him, the corporate entity should enter his particulars that are in the entity's possession into the register, with a note indicating that the particulars are not confirmed by the registrable controller.

- **Should records pertaining to the keeping of the register be kept?**

Corporate entities are strongly encouraged to maintain proper records on the keeping of the register (including notices and replies to notices).

In identifying registrable controllers, the entities are required to send notices to anyone who they know or have reasonable grounds to believe is a registrable controller, who is in turn required to provide his particulars if he is a registrable controller or any information on other registrable controllers that he is aware of to the respective entities. Registrable controllers also owe a separate obligation to provide their particulars to their respective entities.

- **Registers of members of foreign companies (public).** Foreign companies must maintain a public register of their members similar to that required for Singapore incorporated companies.

- **Registers of nominee directors (non-public).** Companies must maintain a register of their nominee directors. This register is not open to the public.

Help resources for companies, foreign companies and LLPs

Companies, foreign companies and LLPs can tap on the following help resources available on ACRA's website:

- "ACRA-issued guidances" on how to comply with the requirements.
- "Forms of notices" to be used for sending to the relevant persons.
- Detailed information on the new requirements, frequently asked questions and a video. ■