

## **New Regulatory Requirement for Companies and LLPs**

### *– More transparency in the ownership and control of corporate entities*

On 10 March 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 takes effect from 31 Mar 2017 requires all corporate entities, namely companies, foreign companies and limited liability partnerships (LLPs) (unless exempted by legislation<sup>1</sup>) to maintain a register of beneficial owners (termed as registrable "controllers"). Companies will also be required to maintain a register of nominee directors.

### **Greater Transparency of Ownership and Control**

With money laundering, terrorist financing and tax evasion being of global concern, knowing who the ultimate 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 bring 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 and clean financial hub.

The registers that corporate entities are expected to keep are:

- **Registers of Controllers (non-public)** – Singapore incorporated companies as well as limited liability partnerships 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](http://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.

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<sup>1</sup> Exempted entities include listed companies and companies that are Singapore financial institutions. For the full list of exempted entities, please refer to [www.acra.gov.sg/CA\\_2017](http://www.acra.gov.sg/CA_2017).

## **Transitional Arrangements for New and Existing Companies, Foreign Companies and LLPs**

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 (31 March 2017) after which they must maintain the register of controllers. Companies, foreign companies and LLPs incorporated/registered after 31 March 2017 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.

## **Help Resources for Companies, Foreign Companies and LLPs**

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

(a) ACRA-issued guidance for companies, foreign companies and LLPs on how to comply with the requirements.

(b) Forms of notice that companies, foreign companies and LLPs can use to send via hardcopy 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.

(c) Detailed information on these new requirements is available on ACRA's website at [www.acra.gov.sg/CA\\_2017](http://www.acra.gov.sg/CA_2017). This includes relevant subsidiary legislation, frequently asked questions and a video on how to set up the registers.

(d) The public can also contact the ACRA Helpdesk at 6248 6028 or via [www.acra.gov.sg/askacra](http://www.acra.gov.sg/askacra).

### ***4 Things Companies Need to Know about Setting Up a Register of Controllers***

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

All companies, foreign companies and limited liability partnerships (LLPs) (unless exempted by legislation) will be required to maintain a register of controllers. Exempted entities include listed companies and companies that are Singapore financial institutions. For the full list of exempted entities, please refer to [www.acra.gov.sg/CA\\_2017](http://www.acra.gov.sg/CA_2017).

▪ **Will the register be made public?**

The registers of controllers will not be made available for public inspection. Companies must give the Registrar and law enforcement authorities access to the registers and any supporting records and documents.

▪ **How to identify a controller?**

Detailed information on definition of a controller is available at [www.acra.gov.sg/CA\\_2017](http://www.acra.gov.sg/CA_2017)

▪ **What information should be kept and how will it be reflected in the Register?**

The register will list the particulars of registrable controllers (exact details can be found at [www.acra.gov.sg/CA\\_2017](http://www.acra.gov.sg/CA_2017)). A register may be in paper or electronic form. It can be kept in the company's registered office or the company's appointed registered filing agent's registered office.