

General FAQs on the ACRA Corporate Service Providers Bill and Companies and Limited Liability Partnerships (Miscellaneous Amendments) Bill

Q: What are the Bills about?

A: The Corporate Service Providers (CSP) Bill will enhance the regulatory regime for the CSP sector. The Companies and Limited Liability Partnerships (Miscellaneous Amendments) (CLLPMA) Bill will enhance the transparency of beneficial ownership of companies and LLPs. These Bills seek to ensure that Singapore's regime for the CSP sector and beneficial ownership are in line with the standards of the Financial Action Task Force (FATF).

The Bills will introduce the following key changes:

- (a) Require all business entities carrying on a business of providing corporate services in and from Singapore to register with ACRA as registered CSPs;
- (b) Require all registered CSPs to comply with obligations, including those on anti-money laundering, countering the financing of terrorism and the proliferation of weapons of mass destruction (AML/ CFT/ PF obligations);
- (c) Introduce fines for breaches of AML/ CFT/ PF obligations by registered CSPs and their senior management;
- (d) Prohibit persons from acting as nominee directors by way of business unless the appointments are arranged by registered CSPs and they have been assessed as fit and proper by the registered CSPs;
- (e) Require nominee directors and shareholders to disclose their nominee status and the identities of their nominators to ACRA under the CLLPMA; and
- (f) Increase fines pertaining to the Register of Registrable Controllers, Register of Nominee Directors and Register of Nominee Shareholders under the CLLPMA.

REGISTRATION

Q: Who will be required to register as a CSP under the new CSP Bill?

A: All business entities carrying on a business of providing corporate services in and from Singapore will have to register with ACRA as registered CSPs. Corporate service includes any of the following services:

- Forming of business entities
- Acting / Arranging for persons to act as directors / nominee shareholders
- Transacting with ACRA on behalf of other persons or as a secretary of a company by way of business
- Providing registered office / business address for business entities
- Carrying out transactions for customers concerning any of the designated activities (refer to question below for the list of designated activities) relating to the provision of accounting services

Q: What does a designated activity in relation to the provision of an accounting service refer to?

A: Not all accounting service providers have to register as a registered CSP. Only business entities that carry out the designated activities in relation to the provision of accounting services must be registered with ACRA under the CSP regime. Designated activities include the buying or selling of real estate, management of client monies and bank accounts, organisation of contributions for the creation, operation or management of corporations, and the buying and selling of business entities. Accounting service refers to financial accounting service, internal audit service, management accounting service, or taxation service.

For example, a business entity that is engaged to prepare a set of completion accounts to be used in a real estate transaction (**Designated activity: buying or selling of real estate**) that also provides outsourced accounting services (**Defined accounting service: financial accounting services**) to the same client, will need to be registered as a CSP.

ACRA will provide further guidelines and illustrative examples of designated activities and accounting services.

Q: Do all business entities providing accounting services have to register as CSPs?

A: A business entity providing accounting services must register as a CSP only if it carries out any designated activity in relation to the provision of any accounting service. Public Accounting Entities (PAEs) registered under the Accountants Act need not apply to ACRA to be registered as CSPs, if they do not provide any corporate services other than carrying out designated activities related to the provision of accounting services, as they will be deemed registered as CSPs. PAEs are however, required to provide ACRA with details of at least one registered qualified individual. Otherwise, every key appointment holder of the PAE who is also a public accountant will be treated as a registered qualified individual.

Q: What are the penalties for not registering as a CSP with ACRA?

A: A person who carries on business in Singapore of providing any corporate service without being registered as a CSP for that type of corporate service is liable for an offence which carries a fine of up to \$50,000 and/or imprisonment for a term not exceeding 2 years. In addition, the unregistered CSP may also be subjected to a further fine not exceeding \$2,500 for every day during which the offence continues after conviction.

Q: Do individuals such as employees of entities providing CSP services have to register as a CSP?

A: The registration requirements only apply to business entities and does not include individuals transacting with ACRA as authorised employees of a registered CSP.

AML/ CFT/ PF OBLIGATIONS

Q: What are the requirements for CSPs regarding performing customer due diligence measures?

A: A registered CSP must perform customer due diligence measures before providing any corporate service to a customer, and where they have reason to suspect money laundering, terrorism financing or proliferation financing, or doubt the veracity or adequacy of previously obtained information. Customer due diligence measures are required before any transactions are lodged with ACRA.

Q: What are the counter-proliferation financing (“CPF”) requirements for CSPs?

A: Implementing CPF measures will be similar to the existing duties of CSPs to counter money laundering and the financing of terrorism. CSPs will be required to screen against sources of information like the United Nations Act. The sources of information will be prescribed in subsidiary legislation, and ACRA will also publish guidelines to raise the industry’s awareness and understanding of proliferation financing.

Q: What are the group-wide policy requirements for CSPs about?

A: CSPs will be required to implement group-wide programmes, including policies and procedures for managing and mitigating the risk of money laundering, terrorism financing and proliferation financing, and sharing information within the group such as amongst subsidiaries. More details will be provided in the subsidiary legislation and guidelines.

Q: Do all nominee directors need to be appointed through CSPs?

A: Nominee directors by way of business are required to be appointed only through CSPs. CSPs have to be satisfied that the nominee directors appointed through them are fit and proper.

Do note that employees who are appointed as directors for their company or a related company would not be required to be appointed through CSPs.

Q: When arranging for a person to act as a nominee director of a company, what steps should be taken by registered CSPs to determine whether the person is fit and proper?

A: To help CSPs determine how to apply fit and proper requirements, more details will be provided in the subsidiary legislation and guidelines.

Some factors that CSPs should consider in assessing whether an individual is fit and proper are as follows:

- Satisfactory conduct and compliance history
- Sufficient competency, capacity and capability to properly discharge his/her duties as a director
- Displays commercial integrity

CSPs must also update their internal policies to incorporate procedures for determining if an individual is fit and proper to act as a nominee director. More details will be provided in the subsidiary legislation and guidelines.

Q: Will the requirement for CSPs to assess whether the individual is fit and proper be applied retrospectively?

A: The new requirement for fitness and propriety assessment will not apply retrospectively to existing nominee director appointments. Nevertheless, it is recommended to periodically refresh the fit and proper assessment, particularly if the individual is arranged to act as a nominee director for many of the CSP's clients.

Q: Do CSPs have to continuously monitor and ensure that the nominee director that they have arranged to act remains fit and proper after the appointment, and if so, for how long?

A: The obligation to determine that the person a registered CSP arranges to act as a nominee director satisfies fit and proper requirements is at the time of arrangement and is not continuous. The fit and proper requirements will be provided in subsidiary legislation and guidelines.

TRANSITION

Q: I am an existing Registered Filing Agent (RFA), do I need to register afresh?

A: Existing Registered Filing Agents would transition as CSPs and be granted registration as a CSP to perform filing for their clients, until the expiry date of their current RFA registration.

Q: How much time would existing CSPs that are not registered with ACRA as a Registered Filing Agent be given to apply as a registered CSP with ACRA?

A: Such business entities have to register with ACRA as a registered CSP within six months of the commencement of the CSP regime.

Q: When will the amendments take effect and are there any transition guidelines?

A: ACRA will communicate the effective date of commencement in advance and provide the necessary lead time for CSPs to implement changes in accordance with the legislative requirements. Amendments may commence in stages.

COMPANIES AND LIMITED LIABILITY PARTNERSHIPS (MISCELLANEOUS AMENDMENTS) BILL

Q: How much time will ACRA provide to companies and their Registered Filing Agents / CSPs to file information kept in their registers of nominee directors and nominee shareholders with ACRA?

A: ACRA will notify companies ahead of time of the timeline and the means to file the information kept in their registers of nominee directors and shareholders into the central registers of nominee directors and shareholders that will be maintained by ACRA.

MISCELLANEOUS

Q: Where can I find a copy of the Bills and the documents relating to the Bills' passage through Parliament?

A: You may wish to visit ACRA's website for more information on the Bills (<https://www.acra.gov.sg/legislation>). Alternatively, you may view the Bills document on Parliament's website (<https://www.parliament.gov.sg>) and the Singapore Statutes Online (SSO) website (<https://sso.agc.gov.sg>).