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**OPENING ADDRESS BY  
MRS CHIA-TERN HUEY MIN, CHIEF EXECUTIVE,  
ACCOUNTING AND CORPORATE REGULATORY AUTHORITY (ACRA),  
AT CSIS' 9<sup>TH</sup> CSP CONFERENCE 2024.  
10 JULY 2024, 9.05AM  
THE RITZ CARLTON, MILLENIA, SINGAPORE**

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Good morning,

Dr Tan Wee Liang, Chairman, CSIS,  
Council Members of CSIS  
Distinguished Guests,  
Ladies and Gentlemen

It is my privilege to be invited here for my first Corporate Service Providers ("**CSP**") Conference since assuming the role of CE ACRA, in April this year. Thank you for having me, and I would also like to thank CSIS for giving a platform for the sector to come together to talk about ways to enhance capabilities towards Better Governance, Greater Transparency and more Robust Systems.

2. On behalf of ACRA, I would like to acknowledge CSIS for your efforts in developing the CSP sector. As a leading body for chartered secretaries in Singapore, you have been supportive of ACRA's initiatives. Over the years, your members have provided valuable and practical feedback on many registry and regulation topics, through our regular dialogues and other engagement

channels. These have helped to ensure that our regulatory framework remains robust and yet practical.

3. The Corporate Service Providers Bill, passed by Parliament last week, is a prime example.

4. Those outside the CSP community may think that the recent CSP Bill had come about because of the \$3-billion-dollar money laundering case that grabbed headlines last year. I believe you know this is not the case. The proposed changes for the CSP Bill were mooted as early as 2021 and ACRA had actively consulted the sector. This is part of our regular legislative review and our continual efforts to enhance our anti-money laundering and counter-terrorism financing (“**AML/CFT**”) regime.

5. During our consultation on the recent bill, we received valuable feedback from you, which have been incorporated in the legislation. One example is, differentiating penalties for breaches that do not involve money laundering or terrorism financing, from those that do.

6. Following the setting up last year of the Inter-Ministerial Committee on AML led by Second Minister for Finance Ms Indranee Rajah, ACRA further consulted and refined our proposed AML legislation, learning from insights gleaned from the recent ML case. Some of you were part of Minister’s closed-door

engagement, and we thank you for your participation and feedback.

7. The new CSP Act as well as the legislative amendments to the Companies Act and Limited Liability Partnerships Act (“**CLLPMA**”) are critical and timely, not just to strengthen the CSP sector, but also to enhance the transparency of beneficial ownership of companies and LLPs.

8. The recent money laundering case did, however, spotlight how crucial your role is, in gatekeeping and in combatting the illicit use of entities incorporated in Singapore. It also showed us how criminals have become increasingly sophisticated in exploiting loopholes.

9. Today, I will highlight three areas where CSPs play a crucial role in Singapore’s AML/CFT regime. These are, the misuse of corporate structures, the misuse of nominee directors, the transparency of beneficial owners.

### **Preventing Misuse of Corporate Structures**

10. The first area, preventing the misuse of corporate structures.

11. Most foreign-owned companies in Singapore are bona fide. There are however bad actors who will exploit Singapore’s pro-

business environment and open financial markets to facilitate money-laundering, terrorism-financing, and proliferation financing (“**ML/CF/PF**”).

12. To mitigate risks, the new CSP Act requires all business entities providing regulated services in and from Singapore to register with ACRA as CSPs, regardless of whether they transact with ACRA. With this, all CSPs operating in Singapore will be subject to AML/CFT/PF obligations and ACRA’s supervision.

13. This change will address the regulatory gap in our CSP regime, pertaining to CSPs operating and providing services to foreign corporates from Singapore, so as to guard against risks of facilitating illicit activities.

14. As CSPs, you help to prevent our business eco-system from being exploited by criminals, when you undertake the duty of performing customer due diligence before proceeding with any transaction. This would include verifying the identities of your clients and their beneficial owners, and getting information on the purpose and nature of the business relationship.

15. Some of you have filed Suspicious Transaction Reports (“**STRs**”) when you were unable to verify your client’s identity or probe into the purpose and legitimacy of the company. By doing so, you might have prevented a potential criminal from gaining

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wrongful access to a Singapore company. You would also have contributed to the Government's intelligence and sense-making capabilities to swiftly identify bad actors and take them to task.

16. My colleagues in the Compliance Division have shared with me that even before the Bill was passed, some CSPs have started using technology – like videocalls – for verifying identities. We strongly encourage you to keep abreast of how technology can be deployed to help you do your work better and more efficiently.

17. We would expect criminals to get smarter and also use more advanced methods to circumvent existing laws and evade detection. These will be ongoing challenges.

18. To stay ahead, one can consider augmenting your capabilities with commercial AML/CFT solutions, such as those that use biometric technology for customer onboarding, screen clients against sanction lists and provide dynamic risk assessment.

19. In respect of Registered Filing Agents (“**RFAs**”) and Registered Qualified Individuals (“**RQIs**”) who breach the laws, ACRA will continue to take a firm stance against them. Since 2023, we have cancelled the registrations of nine errant RFAs and 14 errant RQIs, on various grounds, including failing to perform additional customer due diligence and failing to perform risk assessments for certain customers.

20. Once an RFA's registration is cancelled, the firm will cease to operate as a CSP. If there should be any re-application subsequently, we will scrutinise such cases quite closely.

21. You may also have read in recent news reports that ACRA has been stepping up on striking off inactive companies. The number of strike-offs has gone up about 30% this year. We have also established a specialised unit within ACRA to detect anomalous activities when companies are incorporated.

22. Whether it is the strengthening our laws, or acting early to pre-empt abuses, the direction is clear i.e. to prevent the misuse of corporate structures for illicit activities.

### **Mitigating Risk from Misuse of Nominee Directors**

23. The next area I would like to touch on is the misuse of directorships.

24. You would be familiar with the requirement for companies incorporated in Singapore to appoint at least one ordinarily resident director. This ensures that a Singapore resident can be held accountable for the company's compliance with our laws and regulations.

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25. CSPs would commonly arrange nominee directorships to foreign-owned companies as a business.

26. Whether a director is a nominee or otherwise - all directors are legally obliged to discharge their fiduciary duties responsibly, with honesty and reasonable diligence.

27. The new Act will require all nominee director appointments, by way of business, to be arranged by a registered CSP. This is to prevent the misuse of nominee directorship arrangements to create shell companies which are then used to facilitate money laundering. This will also improve the quality of nominee directors. CSPs like yourselves need to ensure that the individuals whom you appoint to act as nominee directors are fit and proper. Please continue the good work in vetting the nominee directors that you appoint.

28. At ACRA, we have strengthened our data analytics capabilities to detect possible wrongdoings.

29. In triangulating the information we have, we will pay special attention to persons holding on to excessively high numbers of directorships, in addition to other risk indicators. We will take them to task if they fail to fulfil their fiduciary duties as nominee directors.

30. Since 2023, we have prosecuted eight nominee directors for breaches under the Companies Act, such as failure to hold annual general meetings and file annual returns for their companies. (This is up from three prosecutions the previous year.)

## **Transparency of Beneficial Owners**

31. This brings me to the third area of ensuring the transparency of beneficial ownership of companies – this is one of the key pillars of a sound AML/CFT regime and a priority area in the global fight against financial crime.

32. The Financial Action Task Force's ("**FATF**") update of global beneficial ownership standards in March 2022 requires nominee directors and shareholders to disclose the identity of their nominators to the Registrar, and to publicly disclose their nominee status.

33. In line with FATF's requirements, the laws now require nominee directors and shareholders to disclose their nominee status and identity of their nominators to ACRA. The nominee status will be public information.

34. Identifying beneficial ownership is crucial in combating money laundering and foiling the plans of criminals. It aids our law enforcement agencies in their investigations, by enabling them to



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unveil the ownership of companies and to more easily identify criminals who hide behind complex corporate structures to conduct illicit activities.

35. Here, your role as a CSP is important in ensuring that the business information filed with us is accurate and up-to-date.

36. CSPs are frequently involved in both the arrangement of nominee directors and shareholders, as well as the subsequent filing of such records with ACRA. You are therefore uniquely positioned to ensure the accuracy of this information.

### **Conclusion**

37. The publicity arising from the high-profile money-laundering case may have resulted in a less-than-positive portrayal of CSPs in the media.

38. Nevertheless, we acknowledge that most CSPs like yourselves are diligent, honest and take your obligations seriously. Your partnership has been vital in fostering a trusted business landscape, so that Singapore remains an attractive place for business. Your efforts will also play a part in Singapore's FATF mutual evaluation scheduled in August next year.

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39. On a separate note, I am pleased to announce that towards the end of this year, ACRA will be implementing a new Bizfile system that will give users an improved user interface and online experience when transacting with ACRA. We aim to make the new Bizfile easier for you to fulfil your obligations. My colleagues from the Registry Services Division will share more with you at a session later this morning.

40. ACRA will continue to ensure that the CSP regulatory regime remains robust. We will continue to partner with the sector to raise and uphold standards of professionalism and competence. We will engage you on industry best practices and emerging criminal typologies so that the sector stays vigilant as you strengthen your risk assessment and controls. We will work with you to secure Singapore's reputation as a clean and trusted financial hub.

41. I wish you all a fruitful conference.

Thank you.