

Annex A: MOF's and ACRA's responses to key feedback on the CSP Bill and CLLPMA Bill

Proposed clauses in the CSP Bill

- 1. To require companies and other business entities that carry on a business in Singapore of providing any corporate service to be registered as registered CSPs, even if they do not file transactions on behalf of their customers with ACRA. A CSP is required to appoint at least one registered qualified individual (“RQI”) in order to be registered as a registered CSP, and a qualified individual who wishes to be an RQI must be registered as such.**

Feedback: The feedback is supportive. Some respondents sought clarification on the scope of the definition of “corporate service”.

MOF's and ACRA's response: **To proceed with the proposal.** “Corporate service” is defined in Clause 2 of the CSP Bill as:

- (a) forming on behalf of another person, a corporation or other legal person;*
- (b) acting, or arranging for another person to act —
 - (i) as a director or secretary of a corporation;*
 - (ii) as a partner of a partnership; or*
 - (iii) in a similar capacity in relation to other legal persons;**
- (c) providing a registered office, business address, correspondence or administrative address or other related services for a corporation, partnership or any other legal person;*
- (d) acting, or arranging for another person to act, as a nominee shareholder on behalf of any corporation, other than a corporation whose securities are listed on an approved exchange within the meaning of section 2(1) of the Securities and Futures Act 2001;*

(e) carrying out any designated activity in relation to the provision of any accounting service;

(f) carrying out an ACRA transaction with an ACRA Registrar using the electronic transaction system —

(i) on behalf of another person; or

(ii) for one or more companies as a secretary of each of those companies.

ACRA will also publish guidance on the types of business entities that have to be registered as CSPs.

2. To require companies and other business entities that carry on a business in Singapore of carrying out any designated activity in relation to the provision of any accounting service to be registered as registered CSPs.

Feedback: The feedback is supportive. Some respondents sought clarification whether all accounting service providers (i.e. persons providing accounting services, also known as “ASPs”) must be registered as CSPs.

MOF’s and ACRA’s response: **To proceed with the proposal.** Not all ASPs would be required to register as CSPs. Such business entities only need to be registered as such if they are carrying on a business in and from Singapore of providing any activity designated by the FATF¹, in relation to the provision of

¹ “Designated activity” means the preparation to carry out or the carrying out of transactions for a customer concerning any of the following activities:

- a) buying or selling of real estate;
- b) managing of client money, securities or other assets;
- c) management of bank, savings or securities accounts;
- d) organisation of contributions for the creation, operation or management of corporations;
- e) creation, operation or management of legal persons or legal arrangements, or buying and selling of business entities.

any accounting service. ACRA will provide guidance on the types of business entities which are ASPs that have to be registered as CSPs.

3. **To impose criminal liability on registered CSPs (up to \$100,000 for each breach) and their senior management (up to \$100,000 for each breach) for breaches of requirements for detecting and preventing money laundering, the financing of proliferation of weapons of mass destruction and terrorism financing (“AML/ CFT/ PF requirements”).**

Feedback: The feedback is mixed, with some respondents suggesting a lower fine.

MOF’s and ACRA’s response: **To proceed with the proposal.** The maximum fines proposed are consistent with that for other Designated Non-Financial Businesses and Professionals sectors in Singapore (such as moneylenders and precious stones and metals dealers).

4. **A registered CSP must not arrange for a person to act as a nominee director of a company unless he is satisfied that the person is fit and proper. In determining whether the person is fit and proper, the registered CSP must take reasonable steps to satisfy himself that the person is not disqualified from acting as a director of a company under any written law, and consider other factors prescribed in subsidiary legislation. In addition, a person must not, by way of business, act as a nominee director of a company unless his acting as a nominee director of the company is arranged by a registered CSP. The requirements do not apply to a person when acting as a nominee director of an affiliated company.**

Feedback: The feedback is generally supportive. Clarifications were sought on the following:

- a. Whether the amendment applies retrospectively to existing nominee director appointments made before the CSP Bill comes into force;
- b. Whether a registered CSP has to continuously monitor and ensure that a nominee director who is arranged to act as such by the registered CSP remains fit and proper after the arrangement and if so, the duration of this obligation; and
- c. Whether the definition of “affiliated company”² i.e. “a company that is related to a corporation that employs the person” should be clarified, for consistency with the existing definition in the Companies Act 1967.

MOF’s and ACRA’s response: To proceed with the proposal. Responses to the clarifications are as follows:

- a. The amendment will not apply retrospectively. Clause 38 in the CSP Bill on nominee directorship arrangements will be refined to reflect that it will not apply retrospectively.
- b. The requirement for a registered CSP to be satisfied that the person whom it arranges to act as a nominee director is fit and proper has to be complied with at the time of arrangement for each company. The fit and proper factors will be provided in subsidiary legislation and guidance. Once an individual has been appointed as a nominee director, the company must ensure that their directors (nominee or otherwise) remain fit and proper. Directors who commit offences under the Companies Act will face the relevant penalties.

² “Affiliated company”, in relation to a person, means —

(a) a company that employs the person; or

(b) a company that is related to a corporation that employs the person.

- c. The definition of “affiliated company” will be refined for clarity. The new definition of “affiliated company” will be “a company that employs the person; or a company **which by virtue of section 6 of the Companies Act 1967 is deemed to be** ~~that is~~ related to a corporation that employs the person”.

Proposed amendments in the CLLPMA Bill

5. To (a) require companies and foreign companies to file all information kept in their registers of nominee directors and nominee shareholders with ACRA; and (b) for ACRA to maintain such information. Upon disclosure to ACRA, the nominee status of the director/shareholder will be made publicly available, including adding the nominee status to business profile extractions. Only public agencies may access the full information maintained by ACRA for the administration or enforcement of any written law.

Feedback: The feedback is supportive. Some respondents sought clarification on the amount of time that would be provided to a company to file the information held in its register of nominee directors and shareholders in the central registers of nominee directors and shareholders maintained by ACRA.

MOF's and ACRA's response: **To proceed with the amendment.** ACRA will notify companies in advance on the timelines and process for filing all the information in their registers of nominee directors and shareholders with ACRA.

6. To amend the definition of nominee shareholders³ as follows (proposed amendments are in red font):
“In this section and section 386ALA, a shareholder of a company or foreign company is a nominee if the shareholder **satisfies either or both of the following:**
(a) **the shareholder** is accustomed or under an obligation whether formal or informal to vote, in respect of shares in the company or foreign company of which the shareholder is the registered holder, in

³ Section 386ALB(7) of the Companies Act contains the definition of a nominee shareholder for the purposes of the register of nominee shareholders.

accordance with the directions, instructions or wishes of any other person; **and**

(b) the shareholder receives dividends, in respect of shares in the company or foreign company of which the shareholder is the registered holder, on behalf of any other person.”

Feedback: The feedback is supportive. Some respondents sought clarification whether intermediate holding companies in a group structure would fall under the amended definition of nominee shareholders.

MOF’s and ACRA’s response: **To proceed with the amendment.** As nominee shareholders can be legal persons or individuals, intermediate holding companies in a group structure may be nominee shareholders if they fall within the amended definition.