

Enhancing The Regulatory Regime for Corporate Service Providers & Companies and Limited Liability Partnerships

ENHANCING THE REGULATORY REGIME FOR CORPORATE SERVICE PROVIDERS & COMPANIES AND LIMITED LIABILITY PARTNERSHIPS

Introduction

On July 2, 2024, Singapore's Parliament passed the Corporate Service Providers ("**CSP**") Bill and the Companies and Limited Liability Partnerships (Miscellaneous Amendments) ("**CLLPMA**") Bill, signalling significant advancements in corporate regulatory frameworks. In this article, we will delve into the key aspects of these bills, exploring their implications for businesses and the broader economy.

Corporate Service Providers (“CSP”) Bill

The CSP Bill mandates that all entities providing corporate services in Singapore must register with the Accounting and Corporate Regulatory Authority (ACRA). This will ensure a consistent regulatory environment and combat financial crimes such as money laundering and terrorism financing.

Key changes include:

- 1. Mandatory Registration**

All business entities offering corporate services must register with ACRA.

- 2. Compliance Obligations**

Registered CSPs must adhere to anti-money laundering, counter-terrorism financing, and anti-proliferation obligations.

- 3. Penalties for Non-Compliance**

Breaches of these obligations can result in fines up to S\$100,000 per violation for CSPs and their senior management.

- 4. Nominee Directors**

Individuals acting as nominee directors must be assessed as fit and proper by registered CSPs, with penalties for non-compliance.

- 5. Transparency**

Nominee directors' and shareholders' statuses must be disclosed to ACRA, enhancing transparency and deterring misuse of these roles for illicit activities.

Companies and Limited Liability Partnerships (Miscellaneous Amendments) Bill (“CLLPMA”)

Meanwhile, the CLLPMA Bill is designed to enhance the regulatory framework for companies and limited liability partnerships (LLPs). The bill's primary objectives are:

- 1. Enhancing Transparency & Disclosure**

The bill introduces new requirements for companies and LLPs to maintain and disclose beneficial ownership information, aligning with international standards.

- 2. Strengthening Corporate Governance**

The bill introduces measures to improve corporate governance.

- 3. Enhancing Regulatory Oversight**

The bill grants ACRA additional powers to regulate and supervise companies and LLPs, including the authority to inspect and investigate, as well as impose penalties for non-compliance.

Implementation & Impact

The CSP and CLLPMA Bills are expected to have a significant impact on Singapore's business landscape. They are aimed at fortifying Singapore's corporate governance framework, thereby ensuring a robust system that promotes transparency, deters financial misconduct, and aligns with international best practices.

Some of the key benefits include:

- 1. Enhanced Regulatory Framework**

The bills will strengthen Singapore's regulatory framework, promoting a more secure and transparent business environment.

- 2. Improved Accountability and Transparency**

The amendments will enhance and promote accountability and transparency among companies and LLPs.

- 3. Increased Confidence**

The bills will increase confidence in Singapore's business environment, attracting more investors and businesses to the country.

Key Takeaways

The CSP and CLLPMA Bills mark a significant step forward in Singapore's efforts to improve its regulatory regime for CSPs and companies and LLPs. By enhancing transparency, accountability, and regulatory oversight, these bills will promote a more secure and attractive business environment. As Singapore continues to evolve as a global business hub, these legislative reforms will play a crucial role in maintaining its reputation as a trusted and reliable jurisdiction. ACRA will provide adequate lead time for the implementation of these amendments, supporting entities in adapting to the new requirements.

Reference

For more information, visit [https://www.acra.gov.sg/legislation/legislative-reform/corporate-service-providers-bill-and-companies-and-limited-liability-partnerships-\(miscellaneous-amendments\)-bill](https://www.acra.gov.sg/legislation/legislative-reform/corporate-service-providers-bill-and-companies-and-limited-liability-partnerships-(miscellaneous-amendments)-bill)

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