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SINGAPORE CSP REGISTRATION FRAMEWORK: ENHANCING TRANSPARENCY AND COMPLIANCE

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Singapore CSP Registration Framework: Enhancing Transparency and Compliance

In line with continued enhancements to its regulatory framework and recent efforts to combat financial crime, Singapore is introducing a registration system for Corporate Service Providers ("CSP") in the jurisdiction.

With the passing by Parliament of the Corporate Service Providers Bill ("CSP Bill") and the Companies and Limited Liability Partnerships (Miscellaneous Amendments) Bill ("CLLPMA Bill") on 2 July 2024, Singapore is reinforcing its Anti-Money Laundering ("AML") regime and increasing transparency around the beneficial ownership of companies and legal persons, in accordance with Financial Action Task Force ("FATF") standards.

Key Requirements of the CSP Bill

Among the new requirements under the CSP Bill, all business entities providing corporate services (which includes forming any corporation, arranging for a person to act as a director or secretary of a corporation and providing a registered address for a corporation) in and from Singapore must register as CSPs with the Accounting and Corporate Regulatory Authority ("ACRA"), even if they do not file transactions with ACRA. Entities providing corporate services to overseas clients are also required to register as CSPs, as are companies conducting any designated activity in relation to the provision of any accounting service. Any

breaches of this requirement can result in a fine of up to \$50,000, imprisonment for up to two years, or both.

Under the new legislation, registered CSPs must comply with their obligations regarding AML, Countering the Financing of Terrorism ("CFT"), and Proliferation of Weapons of Mass Destruction ("PF"). With the previous regime, companies and entities that did not file transactions with ACRA on behalf of clients were not required to register as registered filing agents ("RFAs") and not subject to AML / CFT / PF obligations. The change ensures consistency with the FATF's recommendations under the United Nations Act 2021 and closes a regulatory loophole, by preventing unregistered CSPs from facilitating illicit activities. Fines up to \$100,000 may be imposed for registered CSPs and their senior management for breaches of AML / CFT / PF obligations.

Nominee Director Regulations

Acting as a nominee director by way of business is prohibited under the new regulations unless such appointment is arranged by a registered CSP. Breaches in this regard can result in fines of up to

\$10,000 for individuals. Furthermore, a registered CSP may only appoint an individual as a nominee director of a company after a 'fit and proper' assessment has been completed. The CSP must undertake reasonable steps to be satisfied that the person is not disqualified from acting as a director of a company under any written law, in addition to various other factors prescribed in subsidiary legislation. Any breach of this requirement would result in a registered CSP to be liable on conviction of a fine up to \$100,000. Employees appointed as directors for their company, or a related company, will not be required to be appointed through CSPs.

Disclosure of Nominee Status and Penalties

With the amendments to the CLLPMA Bill, all companies, domestic and foreign, must now disclose the nominee status of their directors and shareholders to ACRA, making this information publicly available. Only public agencies will be able to access the full details maintained by ACRA for administration or law enforcement purposes. This measure enhances the regime's transparency and aligns with FATF standards on beneficial ownership.

Penalties have also been increased for breaches of obligations pertaining to the Register of Registrable Controllers, the Register of Nominee Directors, and the Register of Nominee Shareholders. Under the current system, companies must maintain a Register of Registrable Controllers within 30 days of being incorporated or registered, which will change to a requirement to keep a Register of Registrable Controllers from the day of incorporation. Companies must also make an annual check with each registrable controller to see if there has been any change in their circumstances and if their information has changed, otherwise being liable to a fine up to \$25,000. This penalty has increased from \$5,000 in line with FATF recommendations. Previously, companies were required to give notice to a registrable controller if it

has reasonable grounds to believe a change has occurred or any particulars are incorrect.

Addressing Transparency Standards

Ahead of Singapore's assessment by the FATF in 2025 and with its position as a successful international financial hub, enhancements to its AML regime and the regulatory framework for CSPs are key to maintaining a transparent and open financial system. In its 2024 Money Laundering Risk Assessment Report¹, the CSP sector was highlighted as second only to the banking sector in terms of money laundering risk. The report cites transactions involving nominee directors and the establishment of multiple shelf companies facilitating money laundering where CSPs have failed to perform AML/KYC obligations, in particular failing to identify the beneficial owner, not obtaining sufficient information on a company's proposed activities and insufficient due diligence on nominee directors.

The Maples Group is fully engaged with local regulators and, as a registered CSP under the new regime, our clients will remain in compliance with all criteria, with no interruption in service. Our Singapore fiduciary professionals have expert knowledge of the compliance culture and corporate regulatory environment, interacting regularly with ACRA. Leveraging our international network, our teams are well-versed with similar CSP frameworks in other leading financial centres, utilising the latest technology and market-tested procedures to provide bespoke services, managing vast numbers of entities for our clients.

The Maples Group is committed to meeting these new obligations for our existing clients and ensuring their continued compliance. Additionally, we welcome discussions with any entities considering the Maples Group as their CSP. Our expertise and comprehensive understanding of the new regulatory landscape positions the firm as a reliable partner to navigate these changes. If you have any questions about the new CSP

¹ [2024-money-laundering-risk-assessment-report.pdf \(mof.gov.sg\)](#)

regime or your AML/CFT/PF obligations, please get in touch with one of the authors or your usual Maples Group contact.

For legal and regulatory disclosures, please visit www.maples.com/legal-notices.

About the Authors

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Kasturi is a Senior Vice President and leads the Maples Group's fiduciary services team in Singapore. Kasturi is experienced working with a broad range of investment funds and private equity vehicles, as well as having an extensive background in structured finance, both in the capital markets and structured asset finance.

Previously, Kasturi held several senior roles in the financial sector, specialising in investment and fiduciary matters, in addition to tax compliance and accounting work.

Sean Ng

Sean is a Vice President in the Maples Group's Singapore fiduciary services business. He has over 20 years of experience in the legal and financial services industry, with expertise in entity formation and company secretarial and board support services. Before joining the Maples Group, Sean worked as a corporate commercial and finance lawyer, both in-house and in private practice, on local and cross-border matters, specialising in finance, funds, joint ventures, and M&A.