

Regulating Beneficial Ownership Practices in Malaysia

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Abstract

Money laundering is the process of acquiring money illegally and trying to hide the illegal activity by converting the money into legitimate money through the use of financial and non-financial institutions. Most of the country's efforts are to fight against criminal activity. The recent trend in money laundering is to have multiple layers of beneficial ownership in the company through the concealment of beneficial owners in corporate vehicles. Beneficial ownership has gained significant attention, as governments and regulatory bodies worldwide have attempted to address issues related to money laundering, tax fraud, and the use of complex corporate structures to hide the real owners of assets. In response to international standards of money laundering and terrorism financing set by the Financial Action Task Force (FATF), Malaysia has introduced legal and policy measures which aim to enhance the transparency and accountability in corporate structure. Most countries have a system for obtaining information on the legal person or owner of the company. This paper will examine the current regulatory framework governing beneficial ownership in Malaysia, which includes the requirements under the International Standard of the Financial Action Task Force (FATF), Bank Negara Malaysia (BNM), and Companies Commission of Malaysia (SSM). It will also highlight the vulnerabilities of ultimate beneficial ownership (UBO) and challenges in implementing it in Malaysia.

Keywords: *Ultimate Beneficial Ownership, Malaysia, Anti-Money Laundering (AML), Financial Action Task Force (FATF), Companies Commission of Malaysia (SSM), Bank Negara Malaysia (BNM).*

INTRODUCTION

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The issues of money laundering have been widely debated all over the world due to their effect on the economic system of the country. Money laundering is a process that involves a series of transactions to conceal the source, ownership, or destination of funds that have been unlawfully acquired (Aristodemou, 2024). Besides that, according to Tiwari et al. (2020), money laundering is defined as a process of converting or transferring the asset received from illegal sources with an aim to conceal the criminal source. According to Buchanan (2004), there are three stages of money laundering, namely placement, layering and integration. The first stage is placement, which is the most challenging and crucial stage, as it eliminates the evidence of the origins of the funds (FATF, 1999). The second stage is the layering phase, whereby the launderer might choose an offshore financial centre, a large regional

business centre and a financial institution to launder the money through the bank accounts. Finally, the last stage is integration, whereby the illegal proceeds return to the economy and appear as legitimate proceeds (Zul Kepli & Nasir, 2016). Among the high-risk crimes in Malaysia are fraud, corruption, illicit drugs, organised crime and smuggling (NRA, 2023). The sectors that are vulnerable to being abused for high-risk crimes and terrorism financing (TF) include banks, Non-Bank Issuers of Designated Payment Instruments (DPI) Issuers, Money Service Businesses (MSB), lawyers, company secretaries, and Dealers in Precious Metals and Precious Stones (DPMS).

Criminals used corporate vehicles to conceal illegal assets by maintaining a legitimate front (FATF, 2024). This can be seen, the use of corporate vehicles such as companies, partnerships, foundations, trusts and other types of corporate vehicles with a complex ownership and control structure in order to avoid the detection of the real beneficial owners by the authorities. The transparency of the beneficial owners among the corporate vehicles is questionable, as no beneficial owner's information was reported previously to combat criminal activities. Shell companies are being used as a vehicle for concealing transactions and presenting them as more legitimate than they are. This issue has been recognised for several years, and the majority of jurisdictions have responded by enacting beneficial ownership legislation that is designed to diminish the anonymity surrounding shell companies. The issue of beneficial ownership gained world attention when the Panama Papers leak in April 2016 disclosed more than 11.5 million secret documents from the Panamanian law firm Mossack Fonseca, bringing the matter of beneficial ownership to the forefront of global media scrutiny. The "Panama Papers" revealed the degree to which the affluent, influential, and renowned have employed complex corporate ownership and control frameworks to safeguard their assets (Fenwick et al., 2016).

Besides that, the case of 1 Malaysia Development Fund Bhd (1MDB) scandal is the most serious corruption scandal that has been recorded due to the corruption that involved laundering of billions of US dollars from the account together with gains from bribery and bond prices, which has been facilitated by false declarations by its officials and others (Jones, 2020). In 2015, the former Prime Minister of Malaysia, Najib Razak, was accused of corruption, embezzlement, and fraud involving over USD 700 million. Low Taek Jho, who is the former financier, was also accused, as he is the mastermind of the 1MDB scandal (Tan, 2021). This case shows that the ultimate beneficial owners of the company remain unknown, as it involves a complex structure of corporate

vehicles (Baker, 2022). Therefore, it is crucial to ascertain the actual beneficial ownership of the corporate entity to combat money laundering. This is to ensure that the rightful owners are subjected to legal action as required. The misuse of corporate vehicles can be reduced when authorities promptly have access to information about the legal owners, beneficial owners, and the sources of the corporate vehicle's assets (FATF, 2023). The right person can be identified, and action can be taken against the individual who violated the laws and concealed themselves behind the complex structures of the company.

The concept of beneficial ownership of a legal person is defined as a person who holds shares or memberships and can include the ownership by another legal person. Basically, the beneficial owners always refer to a natural person (Berkhout et al., 2022). This means a legal person can be a shareholder in another legal person. The beneficial ownership information is related to the information of the natural person who ultimately owns or controls a legal person (Berkhout et al., 2022). Timely access to adequate, accurate and up-to-date information about legal persons is important for countries to mitigate the misuse of legal persons in criminal activities involving money laundering. According to the FATF Mutual Evaluation on money laundering, there are low levels of effectiveness in combating the misuse of legal persons for money laundering and terrorism financing (TF) (FATF, 2023). The paper discussed the beneficial ownership vulnerabilities, challenges and practices in Malaysia.

DEFINITION OF ULTIMATE BENEFICIAL OWNERSHIP (UBO)

The Financial Action Task Force (FATF) has consequently established a series of recommendations and standards that facilitate a unified worldwide response and assist authorities in tracing the financial assets of criminals (FATF, 2022). The Financial Action Task Force (FATF) had established the first international beneficial ownership transparency standard in 2003 and strengthened it in 2012. According to the Financial Action Task Force (FATF) (2023), the term 'beneficial ownership' refers to a natural person who ultimately owns or controls It also indicates the natural person who exercises ultimate control over a legal person or arrangement. Basically, the ultimate beneficial ownership refers to the natural person, and more than one natural person can be the ultimate beneficial owners of a given legal entity or arrangement (Berkhout et al., 2022). The issues concerning the beneficial owners are relevant to a few types of customers, which include private and public companies, bodies corporate, government-

linked companies, partnerships, foundations, cooperatives, associations such as clubs and societies and non-governmental organisations such as charities. While in the context of legal arrangements such as a trust, the beneficial ownership is referred to as the natural person who is ultimately in control of the legal arrangement, including exercising the ultimate effective control over the legal arrangement (BNM, 2020).

According to Bank Negara Malaysia (2020), the beneficial ownership refers to the person who has ultimate controlling ownership interest over an entity of more than 25 percent ownership or equity interest in an entity through share capital or voting rights. The ownership may be directly determined, which is through the ownership of shares, or indirect ownership through the chain of corporate vehicles. A person can be considered a beneficial owner when the number of shares held by him in the company is more than 25 percent. Next, according to Section 60 of the Companies Act 2016, a beneficial owner is referring to a natural person who ultimately owns or controls a company and includes a person who exercises the ultimate effective control over the company. The phrase "ultimately owns or controls a company" refers to the ownership through the interest in shares of the company (direct), including effective interest (indirect) and not less than 20 percent of the shares. While the phrase "ultimate effective control" refers to the situation where the individual who holds less than 20% shares or voting rights but still exercises significant control and has influence over the directors or the management of the company.

The control of the company can be formal or informal, as the person who has the ultimate effective control may not be someone who holds any shares in the company or has any position in the company (SSM, 2024). An individual who owns more than 20 percent of shares in the company may be considered a beneficial owner, and an individual who does not own a share in the company but has control over the company can be considered a beneficial owner through the ultimate effective control that a person holds. Sharman (2010) defined the beneficial owners as a person who enjoys the benefit of the ownership without having to disclose their details, as the title of the assets or property belongs to another name.

Basically, the beneficial ownership transparency is used as an effort to support money laundering law enforcement and economic growth (Agustino et al., 2023). The information about the beneficial ownership of the corporation may help the reporting institution to combat money laundering risks through the concealment of the real

beneficial owners of the company. The process of the identification of beneficial ownership starts with the customer due diligence (CDD) process whereby it involves the identification of the information of the company and the beneficial owners of the company. The effectiveness of the UBO check may help to expose the layers of ownership, and thus it can prevent the criminal from using a complex structure to facilitate their illegal operations (Tookitaki, 2025). The reporting on the beneficial ownership is part of the requirements under the Anti-Money Laundering (AML) Law and Companies Act 2016, and therefore it is crucial for all the reporting institutions to comply with the reporting requirements and ensure all the beneficial ownership information is being submitted to SSM.

BENEFICIAL OWNERSHIP REGULATION AT THE INTERNATIONAL LEVEL

The Financial Action Task Force (FATF) was founded by the G-7 Summit in 1989, which includes member countries from the United States of America, the United Kingdom, France, Germany, Italy, Canada and Japan (FATF, 2022). The primary mission of this intergovernmental organisation is to establish international standards to combat illicit money laundering and its associated societal impact (FATF, 2023). All the member countries are required to follow the guidelines provided by FATF to combat the issue of money laundering that occurs within their country. In 1990, the Financial Action Task Force (FATF) introduced 40 recommendations and provided a comprehensive plan for tackling the issue of money laundering (Mekpor et al., 2018). Basically, the recommendations focus on the legal issues and regulatory and operational measures that allow countries to detect, prevent, and overcome the risk of money laundering across countries (FATF, 2019).

In 1996, the FATF recommendations were revised to broaden the scope of money laundering. In 2001, FATF had expanded its mandate to deal with the issue of the funding of terrorist acts and terrorist organisations and took a critical step to create the Eight, which was later expanded to Nine Special Recommendations on Terrorist Financing (Hamin et al., 2015). The FATF also had revised the recommendations for the second time in 2003, and these recommendations have been endorsed by more than 180 countries which recognise the international standard for anti-money laundering and countering the financing of terrorism (AML/CFT). In this year, FATF had included the Designated Non-Financial Business and Professions (DNFBPs) as reporting entities

besides financial institutions. As a result of the inclusion, these gatekeepers were required to fulfil the obligatory responsibilities, including the customer due diligence (CDD), maintaining records, fulfilling the reporting obligations and the implementation of the training programme for workers (Hamin et al., 2015).

Besides that, the Financial Action Task Force (FATF) is the first international body that is responsible for setting the international standards on beneficial ownership in 2003. The standards of beneficial ownership were strengthened in 2012 by the FATF to provide more understanding to the countries on how to ensure the information is available and to deal with the vulnerabilities of the bearer of the shares and nominees (FATF, 2019). The FATF further established the Guidance on Transparency and Beneficial Ownership in 2014 to explain to member countries the FATF standards required for the beneficial ownership reporting. The FATF promotes the beneficial ownership transparency by instructing the banks, Trust and Company Service Providers (TCSPs) and other professional intermediaries such as accountants, lawyers and tax advisors to verify the information, identification and the financial transactions of the customers to ensure the reporting requirements are met through the customer due diligence (CDD) process (Le Nguyen, 2018).

A further enhancement has been made by FATF in March 2022 and February 2023 with regard to Recommendations 24 and 25. The focus of the amendment is the requirement of the countries to ensure adequate, accurate and timely information is available on the information of beneficial ownership. FATF further released the Guidance on Recommendation 24, which provides the advisory recommendations on evaluating and minimising the money laundering and terrorism financing risks associated with legal entities (FATF, 2023). The misuse of corporate vehicles can be reduced when the information about the legal owner and beneficial owner is available to the authorities promptly. Due to a lack of adequate knowledge and up-to-date information on beneficial ownership, money laundering has been facilitated by disguising the identity of the criminals, the true purpose of an account or property held by a corporate vehicle, and also the source of funds and the use of funds of the corporate vehicles (FATF, 2024).

The FATF requires all the member countries to take a reasonable measure to prevent the misuse of legal persons and trusts for money laundering or terrorist financing. This is to ensure that the information on the beneficial ownership and control

of legal persons is available in time, accurate and adequate when it is needed. The beneficial ownership transparency is important and has become a fundamental requirement under the international Anti-Money Laundering and Counter Terrorist Financing (AML/CTF) standards (Konovalova et al., 2023). As suggested by Recommendation 24 of the FATF, the countries should use one or more approaches, such as the Registry Approach, the Company Approach and the Existing Information Approach, to ensure the information on the beneficial ownership of a company is obtained by the company and available at a specified location in the country and in a timely manner (FATF, 2019). The registry approach refers to the gathering of information on the company's beneficial ownership through the company registry. Next, the company approach is referred to as gathering of information on the company's beneficial ownership from the company itself, or the company may take a reasonable measure to obtain and hold up-to-date information on the beneficial ownership. Lastly, the existing information approach refers to the information gathered from the Financial Institution, DNFBPs, information held by other competent authorities on the legal and beneficial owners of the company and any other information available on companies listed on the stock exchange (FATF, 2019). Therefore, it is crucial for the member countries to use more than one approach to identify the beneficial ownership information.

BENEFICIAL OWNERSHIP REGULATION IN MALAYSIA

With regard to the international guidelines on money laundering and the recommendations by the Financial Action Task Force (FATF), Malaysia has made a significant change in its statutory framework against financial crimes, and the Anti-Money Laundering Act (AMLA) was first enacted in 2001. Malaysia has taken its first move in criminalising money laundering and the recognition of banking institutions (Aurasu & Rahman, 2016). The Malaysia Anti-Money Laundering Act 2001 defines money laundering as engaging in a transaction involving proceeds from unlawful activity; acquiring, receiving, possessing, disguising, transferring, converting, exchanging, carrying, disposing, using, removing from or bringing into Malaysia the proceeds of unlawful activities. The definition also includes concealing, disguising, or obstructing the establishment of the true origin and ownership of the proceeds of unlawful activity (AMLA 2001, Part II, Section 4).

Next, the Malaysia AMLA was amended in 2003, and the act was renamed AMLATFA 2001. This amendment was made to include the combating instruments against terrorist financing. In 2014, the AMLATFA 2001 was amended and renamed as the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (2001) (AMLATFPUAA). The laws were enforced by the multi-enforcement authorities, which were led by the Central Bank of Malaysia. The purpose of the amendment is to include the offence of money laundering and terrorism financing and criminalise the dealing of criminal proceeds (Rahman, 2022). Various reporting institutions are subject to several reporting requirements under AMLATFPUAA. This includes and applies to a broader range of businesses and professions, such as casino operators, lawyers, notaries, legal professionals, accountants, real estate agents and dealers of precious metals and stones, and Designated Non-Financial Business and Professions (DNFBPs) (Ahmad Tarmizi et al., 2022).

Besides the Anti-Money Laundering (AML) laws established, Bank Negara Malaysia (BNM) also issued policies and regulations to the DNFBPs sector in 2004, which serve as reporting institutions. The DNFBPs are required to comply with the recommendations suggested by the FATF, which include the customer due diligence (CDD), record-keeping requirements, and suspicious transaction reporting (STR) (Omar et al., 2015). In response to the beneficial ownership reporting requirements under FATF recommendations in 2023, Malaysia has implemented the beneficial ownership requirements against company secretaries to comply with. Bank Negara Malaysia and the Companies Commission of Malaysia (SSM) had released a Joint Reference Note on 31 March 2022 to provide stakeholders with a clear guideline on the beneficial ownership reporting (BNM & SSM, 2022). With an effort to strengthen the legal framework related to corporate rehabilitation, the Companies Commission of Malaysia (SSM) had undertaken the initiative to revise the Companies Act 2016, which resulted in the amendment made to the Act and came into force on 1 April 2024. The amendments made to the Act are to seek the enhancement of the corporate transparency in terms of beneficial ownership reporting and support the enforcement activities against money laundering, terrorist financing, corruption and other serious crimes (SSM, 2024). A new introduction of a definition of beneficial owner and the requirement to keep and maintain the register of beneficial owners are being amended.

SSM had introduced the Electronic Beneficial Ownership System (e-BOS) on 1 April 2024, which is in line with the enforcement made on the Companies

(Amendment) Act 2024. The e-BOS system is set to tackle the issues of the complex corporate entities and the shell companies which make it difficult to identify the real beneficial owners of the company. All companies must update and declare the beneficial owners of the company through the e-BOS systems from time to time. The companies must refer to the Guidelines for the Reporting Framework for Beneficial Ownership of Companies which were issued on 1 April 2024. Basically, all the companies, including the foreign companies which are registered under the Companies Act 2016, are subject to the beneficial ownership reporting framework. Among the roles and responsibilities of the relevant parties who are responsible for the beneficial ownership information are the board of directors, members of the company, any person other than a member of the company, company secretaries or agents and the beneficial owner himself (SSM, 2024). The company secretary is responsible for updating the beneficial ownership information to SSM through the e-BOS system. Through the system, timely information is available to authorities when it comes to the beneficial ownership information of the company involved in criminal and money laundering cases.

The information of the beneficial ownership can only be accessed by the beneficial owner himself, a person authorised in writing by the beneficial owners, any reporting institution carrying on activity listed in the First Schedule to the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities 2001 (Act 613), Bank Negara Malaysia, any enforcement agency in Malaysia under AMLATPUAA, 2001, and the Ministry of Finance in carrying out the function of Government procurement (SSM, 2025). A fee of RM20.00 is charged for the beneficial ownership information data that can be purchased from SSM. The companies incorporated under the Companies Act 2016 are required to comply with the regulations and requirements of the beneficial ownership under the Companies Act 2016. The recent changes include making it mandatory for legal entities to record and update a list of beneficial owners, collecting this information, requiring beneficial owners to inform legal entities of any changes to their information, and establishing penalties for non-compliance, such as a fine of up to RM20,000.00 (US\$4,217) and a further fine of up to RM500.00 (US\$105) for each offence. The reporting of the beneficial ownership is important to identify the real owners of the company, and action can be taken against them in case they are violating the law.

VULNERABILITIES IN BENEFICIAL OWNERSHIP TRANSPARENCY

A legal person is the key to the functioning of any economy, and a legal person can also be misused to facilitate criminal activities. Criminals employ techniques and mechanisms to obscure their ownership and control over the assets in the company. According to FATF (2014), the beneficial ownership information is generally obscured through the use of shell companies, complex ownership and control structures, bearer shares and bearer share warrants, unrestricted use of legal persons as directors, and formal nominee shareholders and directors where the identity of the nominator is undisclosed. Besides that, the informal nominee shareholders and directors, such as close associates and family, trusts and other legal arrangements which enable a separation of legal ownership and beneficial ownership of assets and the intermediaries in forming legal persons, including professional intermediaries.

There are many vulnerabilities that are faced by the reporting institution in the identification of the beneficial owner (BO). Firstly, there is a complex ownership and control structure being used to obscure the ownership. This can be seen where the shares in one company can be owned by another legal person or legal arrangement, which results in the shares being owned by a different legal person. Thus, it makes it difficult to identify the beneficial owners at the end of the ownership chain (Berkhout et al., 2022). In addition, according to Sharman (2010), shell companies are frequently used by criminals to launder illicit funds, which involves a complex structure and the inability to identify the real beneficial owners.

Secondly, the ease of concealing or transferring ownership can cause difficulty in identifying the beneficial owners of the company. This can be seen where multiple tools are allowed for the easy transfer of ownership along with a high degree of anonymity. Besides that, another method which can be easily misused is the concept of nominee shareholders and directors. The nominees can be used for legitimate purposes; however, the nominees usually hold shares for the benefit of others and act on behalf of another natural or legal person whose identity cannot be disclosed (Berkhout et al., 2022). The nominees can be categorised as formal and informal nominees. A formal nominee refers to a professional relationship between directors and shareholders. A formal nominee usually will have a formal arrangement that is governed by a contractual agreement. While an informal nominee is identified by law enforcement, which includes spouse, children, extended family, business associates and other

personal associates. The criminals usually hire people with no criminal record to perform the nominee roles in the company (FATF, 2018). Therefore, it complicates the identification of the beneficial owners (Berkhout et al., 2022).

Thirdly, the use of intermediaries in forming a legal person. It is a common practice for professional intermediaries to advise clients on company formation, corporate structures and asset management. Basically, the advice will focus on protecting the wealth and assets from high-risk business activities and minimising the taxation obligations legally. These services are favourable to criminals who seek professional advice in order to protect their assets and evade taxation obligations through the concealment of beneficial ownership (FATF, 2018). As a result of their professional expertise and the roles in the establishment of companies and legal persons, the professionals are vulnerable to being involved in facilitating money laundering activities.

Lastly, the use of legal arrangements is part of control in the ownership structures. Legal arrangements such as a trust are very simple, as they can be set up without gatekeepers. Trust refers to the agreement among parties with defined roles and responsibilities which aims to separate the legal ownership and control (Berkhout et al., 2022). According to FATF (2018), the use of legal arrangements to obscure the beneficial ownership is associated with building an additional layer of complexity to hide the ownership. This can be seen where the legal arrangement might have a different natural person as the legal owner, beneficiary and the controller, and thus the identification of beneficial owners becomes more complicated.

CHALLENGES FACED BY REPORTING INSTITUTION IN IMPLEMENTING BENEFICIAL OWNERSHIP REQUIREMENTS

Basically, the reporting institution faced difficulties in implementing the beneficial ownership requirements enforced by SSM. Firstly, the reporting institution are unable to collect the information on the beneficial ownership, as they are reporting based on the documents being filled and ticked by clients on the beneficial ownership. There is a lack of information and verification done by the reporting institution towards their client's information, which leads to wrong information being reported on the beneficial owners of the company (Thomas-James, 2022). The accuracy of the information collected is questionable due to no verification of the information made by

the reporting institution towards their clients. This can be seen whereby the information collected at the beginning of the business relationship only prioritises the business formation information and does not prioritise the beneficial ownership information (Kamaruddin et al., 2025). The reason behind no information collected from the client is due to poor customer due diligence (CDD) done by the reporting institution. Therefore, it is crucial to perform a good CDD in identifying the information of the clients at the beginning of the business relationship.

Secondly, the process of verification of the information among clients is time-consuming, and there are no technologies and applications being used for the purpose of doing the verification of the information. The reason for the identification of the beneficial ownership of the company is to disclose the real beneficial owners and bring them upfront instead of concealing themselves behind the corporate entities and the shareholders of the company. The cost of implementing a system for doing the verification of the information of the beneficial ownership is an issue for the reporting institution. They have to incur costs in enhancing the effectiveness and checking the accuracy of the information received from their clients (Forstater, 2017). Successful reporting on beneficial ownership requires creating a standard for the identification, classification, collection of data and verification of the data in a systematic way (Martinez 2021). Therefore, a technology is required in order to ensure valid and accurate information is collected, verified and reported to SSM. According to Bodescu et al. (2022), the use of technology for the identification of information through customer due diligence (CDD) may help to reduce the financial crimes and ensure the accuracy of the information collected.

Thirdly, the reporting institution lacks of resources in adapting the beneficial ownership requirements. This can be seen whereby the absence of the skilful and knowledgeable staff may hinder the successful implementation and compliance of the beneficial ownership reporting (Mohamad Abdul Latif and Abdul-Rahman, 2018). It is important to make clients and the company understand the importance of reporting on the beneficial ownership. Therefore, the reporting institution needs to ensure that they provide better training and upgrade their staff skills in questioning the clients on the beneficial ownership information. The power of communication is important in order to ensure the information is clearly understood by both sides. It is important for reporting institutions to ensure they can overcome the challenges and keep on reporting on the beneficial ownership of their clients to SSM without fail. The concept of transparency is

important when it comes to information on the beneficial ownership, as it is important to disclose the information of the real owners of the company to SSM. This will help the regulators to take action against the suspected individual as part of the regulators' ways of combating the money laundering in the country. The use of other people's names in the company as the beneficial owners is part of the criminals' effort to do criminal activities, avoid tax payment and any other legal action against them.

CONCLUSION

The transparency of beneficial ownership is important for every country in order to fight against individuals who hide illicit wealth through a complex ownership of the corporate entities. This is because the disclosure of beneficial ownership of the company may enhance corporate transparency and could help to combat financial crimes such as money laundering, terrorism financing and tax evasion. Malaysia has taken significant steps based on the FATF recommendations in fighting and combating money laundering threats within the country. This can be seen whereby the establishment of the e-BOS system by SSM ensures a mandatory disclosure of the beneficial ownership by the company to SSM. The company has the duty to obtain, verify, and record the beneficial ownership information in the register of beneficial owners and to maintain the record with a relevant supporting document. The reporting institution needs to ensure accurate information about their clients is being clearly identified during the process of customer due diligence (CDD) in order to ensure all the information pertaining to the business and beneficial owners of the company is being recorded. Besides that, the use of the technology for the verification of the information is highly demanded in order to ensure the accuracy and up-to-date information of the beneficial owners of the company. Besides that, the regulators play an important role in providing guidance for the company secretaries in order to gather information and report on the beneficial ownership of the company to SSM. In order to ensure good compliance with the beneficial requirements under the Companies Act 2016, SSM will issue a compound for those companies who did not submit the beneficial owners' information to SSM within a stipulated time period.

Other than that, the roles of the directors and shareholders are important, as they are the ones who will disclose the information of the real owners to the company secretaries. In order to ensure the board of directors and shareholders have a good understanding of the beneficial ownership reporting, a training and exposure of the

beneficial ownership shall be given to all of them to enhance their understanding and the importance of doing such reporting to SSM. Thus, it will help ensure accurate information is being collected on the real beneficial owners of the company. This will help the company secretaries to incur more time to do verification of the information collected. Therefore, it is crucial to ensure all the parties involved in the company are aware of such requirements, and the company secretaries play an important role in reaching the clients and explaining the importance of reporting the beneficial ownership of the Company. These efforts will help the country to combat money laundering activities and ensure the company has good corporate governance internally.

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