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Behind the Company: Who Actually Owns It

Why nominee shareholders no longer shield the real owner.

For years, the register of members told one story, while the person calling the shots told another. The beneficial ownership disclosure requirement closed the gap between the two.

Malaysia's anti-money laundering framework had been tightening for years. Beneficial ownership disclosure brought the company law regime into line with it.

Ultimate shareholders used to place their shares on trust, where the trustee became the shareholder, being reflected on public searches. The actual controller hid behind, shielding himself from the authorities' eyes while remaining the hands behind a shell company. With the Companies (Amendment) Act 2024 in force since 1 April 2024, that is no longer the case.

> **KEY HIGHLIGHTS**
> - Beneficial ownership removes the shield from the ultimate controllers, forcing them to reveal themselves to the registrar.
> - The threshold is 20% of the shares or voting rights, but the definition does not stop there. A beneficial owner includes who can control a company by other means.
> - The access to beneficial ownership information of a company is not public, as stated under the Regulations.

BENEFICIAL OWNER IS A NATURAL PERSON, NOT A STRUCTURE

A holding company sits on the register as a legal entity. A beneficial owner is always a natural person.

Section 60A(1) of the CA 2016 defines a beneficial owner as a natural person who ultimately owns or controls a company, including one who exercises ultimate effective control over it. Section 60A does not itself fix a percentage; it empowers the Registrar to identify a beneficial owner by guidelines. The SSM Guidelines set the working test: a person who holds, directly or indirectly, not less than 20% of the shares or voting shares of the company.

The definition goes further: a person holding less than 20% of shares or voting rights remains a beneficial owner if he exercises significant control or influence over the company's management, whether formally or informally. He need not hold a single share, nor occupy any position in the company at all. The definition follows the control.

The obligation to maintain a register of beneficial owners is not discretionary. Every company must keep one, at its registered office, containing the full name, address, nationality, NRIC or passport number, date of birth, and the dates on which each person became — and ceased to be — a beneficial owner, among other prescribed particulars.

BURDEN OF COMPLIANCE DOES NOT REST IN ONE PLACE

The board of directors carries the primary duty to obtain and verify the information. Members receiving a notice under Section 60C of the CA 2016 must respond. The company secretary records and lodges. The beneficial owner himself is obliged to notify the company of his status — and of any subsequent change to his particulars.

The records must be retained for seven years from the date a person ceases to be a beneficial owner. Section 60E lets the Minister exempt a class of companies by order in the Gazette, but none has been granted — SSM confirms no company is presently exempt. Foreign companies registered under the CA 2016 carry the same obligations as local companies (Section 573A). The register is universal in scope, and so is the duty to keep it accurate.

The obligation is not advisory. Section 60B(6) of the CA 2016 imposes a fine up to RM20,000 on the company and every officer (director, secretary or employee) in default. In case of a continuing offence, a further fine up to RM500 for each day during which the offence continues after conviction.

BENEFICIAL OWNERSHIP IS NOT PUBLIC: WHO GETS TO SEE IT

Unlike an ordinary SSM search, beneficial ownership information is not publicly available. The register exists; access to it does not follow.

Access is only granted to the beneficial owner himself, persons authorised in writing by the beneficial owner, Bank Negara Malaysia as the competent authority and any enforcement agency in Malaysia, as defined under the AMLATFA. Other public bodies and reporting institutions under the AMLATFA may also access beneficial ownership information, as stated under the Regulations.

For a beneficial owner or a person he authorises, application is to be made to the Companies Commission of Malaysia ("SSM") by submitting through counter at Menara SSM@Sentral, in which the application form shall be duly authorised by the beneficial owner, accompanied by a fee of RM20 and a written letter with the company's official letterhead showing entitlement to access the beneficial ownership information and other information that the SSM may require.

NOTABLE LEGISLATION

- Companies Act 2016 ("CA 2016")
- Companies (Amendment) Act 2024
- Guidelines for the Reporting Framework for Beneficial Ownership of Companies ("Guidelines")
- Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLATFA")
- Companies (Access to the Register and Information Relating to Beneficial Ownership) Regulations 2025 ("Regulations")

PRACTICAL TAKEAWAY

The beneficial ownership framework is, at its core, a transparency mechanism. It compels the corporate structure to disclose the natural person behind it — the individual who ultimately owns, controls, or directs the company, regardless of how the shareholding is arranged on paper.

The mischief it targets is familiar. Shell companies layered to obscure ownership. Nominee shareholders fronting for the true controller. Corporate vehicles deployed to launder proceeds, evade tax, finance terrorism, or sidestep regulatory thresholds tied to equity composition. Each of these depends on the same thing: a gap between the name on the register and the person calling the shots.

The introduction of the framework closes that gap. The register of members records who owns the shares. The register of beneficial owners records who owns the company. They may not always be the same person — and the law now requires both to be known.

All information in this Newsletter is correct as at 23 June 2026 unless otherwise stated.

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