

# SSM'S ELECTRONIC BENEFICIAL OWNERSHIP SYSTEM (E-BOS) PAVES WAY FOR ENHANCED CORPORATE TRANSPARENCY



In an effort to strengthen the legal framework related to corporate rehabilitation during the recovery phase post Covid-19 pandemic, the Companies Commission of Malaysia (SSM) had undertaken the initiative to revise the Companies Act 2016, resulting in the promulgation of the Companies (Amendment) Act 2024.

The Companies (Amendment) Act 2024 came into force on 1 April 2024 except Sections 4,14,26 and 28 as announced by the Domestic Trade and Cost of Living (KPDN) Minister Datuk Armizan Mohd Ali during his official visit to SSM on 27 March 2024.

The amendments aim to strengthen the corporate rehabilitation legal framework to facilitate companies facing financial difficulties and support economic recovery and competitiveness.

Additionally, the amendments seek to enhance corporate transparency regarding beneficial ownership reporting, support enforcement activities against money laundering, terrorist financing, corruption, and other serious crimes, and support the Financial Action Task Force (FATF)/ the Organisation for Economic Co-operation and Development (OECD) evaluations on Malaysia in 2024/2025.

The Companies (Amendment) Act 2024 encompasses 31 clauses relating to four policy clusters.

Among the four policy clusters, Policy Cluster 3 plays a crucial role in reinforcing the beneficial ownership reporting framework to bridge existing legislative gaps, aligning them with international best practices and standards advocated by organisations like FATF and OECD.

Section 56 of the Companies Act 2016 has introduced a beneficial reporting framework where companies are required to obtain beneficial owner information, record and report that information to the Registrar.

The proposed amendments, particularly the introduction of a new definition of "beneficial owner" and requirements to keep and maintain register of beneficial owners, hold significant potential to enhance transparency within the corporate landscape.

*“ The introduction of the e-BOS marks a significant leap in KPDN and SSM's commitment for reform in enhancing corporate transparency by mandating beneficial ownership information disclosure ”*

Datuk Armizan Mohd Ali  
Minister of Domestic Trade and Cost of Living

By mandating the disclosure of beneficial ownership information to SSM, the measure also assists enforcement and regulatory agencies such as the Royal Malaysian Police, Bank Negara Malaysia and the Malaysian Anti-Corruption Commission to facilitate investigations and combat serious crime activities carried out behind the veil of corporate entities such as money laundering, terrorism financing, corruption as well as tax evasion.

Division 8A of the Companies Act 2016 enforced on 1 April 2024 provides a comprehensive beneficial ownership reporting framework clarifying the requirement for companies to obtain, identify, verify, record and maintain the beneficial information in the register of beneficial owners kept by companies.

Companies must submit this information to the Registrar within 14 days from the date the information is recorded in the register of beneficial owners.

There will be no fees imposed for lodging beneficial ownership information including the updating of changes to any particulars of the beneficial ownership information. However, application to rectify any beneficial ownership information that was lodged with the Registrar will be treated pursuant to Section 602 of the Companies Act 2016.

Acknowledging the significance of disclosing beneficial information to enhance transparency in the corporate realm, no deadline extensions will be granted for lodging beneficial ownership information. Failure to submit this information within the specified timeframe will incur penalties for late lodgement.

Upon the enforcement of Division 8A, companies are afforded a three-month period spanning from 1 April 2024 to 30 June 2024, to lodge beneficial ownership information with the Registrar.

During the three-month timeframe, companies are allowed to lodge and update their beneficial ownership information with the Registrar at any point within the period without adhering to the usual 14 day lodgement period stipulated under subsection 60B(4) of the Companies Act 2016. Furthermore, there will be no penalties for late lodgement during this period.

Additionally, companies which have lodged their beneficial ownership

## Criteria of A Beneficial Owner

CRITERIA A

If the individual holds directly or indirectly in not less than 20% of the shares of the company

CRITERIA B

If the individual holds directly or indirectly in not less than 20% of the voting shares of the company

CRITERIA C

If the individual has to exercise ultimate effective control whether formal or informal over the company or the directors or the management of the company

CRITERIA D

If the individual has the right or power to directly or indirectly appoint or remove a director(s) who holds the majority of the voting rights at the meeting of directors

CRITERIA E

If the individual is a member of the company and, under an agreement with another member of the company, controls alone a majority of the voting rights in the company

CRITERIA F

If the individual has less than 20% of shares or voting rights but exercises significant control or influence over the company

*“While the introduction of e-BOS marks a significant milestone in corporate transparency, its success hinges on the compliance of companies in adhering to the regulation in force ”*

Datuk Nor Azimah Abdul Aziz  
SSM Chief Executive Officer

information but have the need to rectify any particular previously lodged with the Registrar, are able to do so without incurring any rectification fees.

The temporary waiver of rectification fees and late lodgement charges for the three-month period signifies SSM's commitment to foster compliance with the new legal framework.

### Electronic Beneficial Ownership System (e-BOS)

To facilitate the lodgement of beneficial ownership information, SSM launched the Electronic Beneficial Ownership System (e-BOS) on 1 April 2024 in line with the enforcement of the Companies (Amendment) Act 2024.

The e-BOS is set to tackle the issue of complex corporate entities and the proliferation of shell companies which pose difficulties in identifying the ultimate beneficiaries, by offering authorities a comprehensive database of beneficial owners thus enhancing regulatory oversight and effectiveness.

The e-BOS, which is accessible via the SSM4U Portal, [ssm4u.com.my](https://ssm4u.com.my), offers various features for managing beneficial ownership information.

Firstly, it allows for the notification of beneficial ownership details, including the addition, updating, or cessation of beneficial owners or senior management. This ensures that the register remains accurate and up-to-date in compliance with regulatory requirements.

Additionally, the system facilitates the rectification of beneficial ownership information, providing companies with a streamlined process to maintain data integrity and regulatory compliance.

Through the e-BOS, companies are enabled to make various types of amendments to their beneficial ownership and senior management information such as the rectification to previously submitted details such as the date of appointment of a beneficial owner or their identification card number.

The system also allows the removal as well as cancellation of appointments or placements of beneficial owners or senior management. These functionalities ensure compliance with regulatory requirements while providing companies with a convenient and efficient platform for updating their records.

SSM has issued a Practice Directive titled “Lodgement Of Beneficial Ownership Information Under The Companies Act 2016 Through e-BOS” on 13 May 2024 to provide the procedures for the lodgement of beneficial ownership information pursuant to subsection 60B(7) of the Companies Act 2016 and related matters. The Practice Directive could be accessed at SSM's official portal, [www.ssm.com.my](https://www.ssm.com.my).

SSM Chief Executive Officer, Datuk Nor Azimah Abdul Aziz emphasised the pivotal role of company compliance in the success of the e-BOS.

“While the introduction of e-BOS marks a significant milestone in corporate transparency, its success hinges on the compliance of companies in adhering to the regulation in force.

“This underscores the importance of companies fully embracing and abiding by regulatory requirements to ensure the effective implementation and utilisation of the system,” she said.

For any inquiries regarding e-BOS, please contact SSM Customer Care (SSMCC) via the Complaints & Feedback section, SSM Chatbot, SSM Live Chat which can be accessed through the official SSM portal, call 03-7721 4000 or email to [enquiry@ssm.com.my](mailto:enquiry@ssm.com.my).

### PROCEDURE FOR USING ELECTRONIC BENEFICIAL OWNERSHIP SYSTEM (E-BOS)

Users need to follow the steps below to access the e-BOS:

**Step 1:** Make sure the user has registered as a user on the SSM4U Portal (<https://ssm4u.com.my>) and has been verified as a Verified User

**Step 2:** Visit the SSM4U Portal at <https://ssm4u.com.my>

**Step 3:** Log in to the SSM4U Portal using the registered email address and password

**Step 4:** In the Main Services section, click on the e-BOS icon

**Step 5:** Please continue submitting the beneficial ownership after the account is activated

@SSMOFFICIALPAGE