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Overview of Singapore's Nominee Director Regime

The English term for a nominee director is commonly referred to a nominal director, nominated director or name-only director. For foreign investors planning to establish a company in Singapore, a nominee director is a commercial arrangement frequently encountered in the process of company registration and subsequent operations.

Singapore allows foreign investors to hold 100% of the shares of a local company. At the same time, however, a company must have at least one director who is ordinarily resident in Singapore. For investors whose shareholders and management personnel all reside overseas on a long-term basis, a nominee director is a common arrangement formed to satisfy this requirement.

In recent years, Singapore has significantly strengthened the regulation of corporate service providers and nominee director services. On 9 June 2025, Singapore's Corporate Service Providers Act 2024 (the "CSP Act") officially came into effect, and ACRA's central Register of Nominee Directors (ROND) was also implemented at the same time.

However, this commercial arrangement of nominee directors can easily cause misunderstandings among investors: Is a nominee director merely someone whose name is registered in the company's records, without assuming actual responsibilities and therefore without any risks? How can the substantive director safeguard his or her own rights and interests? This article intends to provide a brief overview of the background, legal nature and regulatory requirements of nominee directors for the reference of Kaizen's clients.

1. Nominee Director Arrangements Arise from the Local Director Requirement

According to Singapore's company registration rules, a company must have at least one director who meets the local residency requirement. This requirement does not restrict the shareholding percentage of foreign investors. Overseas individuals or enterprises may still hold 100% of the shares of the company.

In other words, Singapore's company system actually distinguishes between two levels:

The ownership of a company may belong entirely to foreign investors, but the company's governance structure must still retain at least one local resident director.

For foreign investors who reside overseas on a long-term basis and do not have a suitable person to serve as a local director, a nominee director arrangement may be adopted, under which a

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person who meets Singapore's local residency conditions serves as a director of the company, in order to satisfy the local director requirement in the establishment and continuing operation of the company.

Therefore, a nominee director is, in essence, not a restriction on the shareholding percentage of foreign investors, but a corporate governance arrangement.

2. A Nominee Director Is Not Merely a Name-Only Director

The most important point in understanding a nominee director is that a nominee director is first a company director and only then an agent entrusted by another person. "Nominee" describes the relationship between the director and the person who appoints him or her, and does not change the director's legal identity as a company director. In commercial practice, a nominee director usually cannot directly participate in the company's daily operations. The company's business development, customer relationships, funding arrangements and commercial decisions are still mainly handled by the overseas shareholders or the actual management team. However, this does not mean that a nominee director merely "lends a name" to complete the company registration.

Once formally registered as a director, the nominee director must still bear the corresponding director's obligations in accordance with the law. The company and the nominee director may specify the scope of their respective responsibilities and the information communication mechanism through an agreement, but a private agreement cannot automatically exclude the statutory obligations imposed by law on the director personally. Therefore, if the company has long-term failures to make filings, engages in unlawful operations or has other major compliance issues, the nominee director cannot automatically be exempted from liability merely on the ground that "I am only a nominee director".

3. Standardization of Nominee Director Services

The Singapore CSP Act, which officially came into effect in June 2025, introduced unified regulatory requirements regarding the qualifications of entities providing nominee director services as a commercial service and the relevant entry requirements.

(1) Any institution engaged in commercial services such as company secretarial services, registered address hosting and nominee director arrangements must complete registration with ACRA and obtain a CSP business license as a Corporate Service Provider, while fully fulfilling anti-money laundering and counter-terrorism financing compliance obligations.

(2) The provision and arrangement of nominee directors for commercial purposes and for remuneration may only be carried out by licensed CSP institutions. Unqualified individuals and intermediaries are not permitted to commercially provide nominee director-related services, and violations will be subject to administrative penalties.

(3) Before appointing a nominee director, a CSP institution must conduct a strict Fit-and-Proper assessment. It must examine the proposed nominee director's bankruptcy records, dishonesty records, criminal history and circumstances in which his or her qualification to serve as a director is restricted. Only persons who pass the assessment may serve as nominee directors.

This means that Singapore is currently not restricting the commercial arrangement of nominee directors itself, but is further raising the level of standardisation of such services. The model that may have existed in the market in the past, where "one person simultaneously provided his or her name to a large number of companies for registration while knowing almost nothing about the actual circumstances of the relevant companies", is gradually being subject to stricter regulation.

At the same time, the relationship between a nominee director and the person behind the appointment is also being further brought into the regulatory system. Singapore companies are required to establish and maintain relevant nominee director registration information and submit relevant information to ACRA where required.

It can be seen from this change that Singapore's regulatory direction is very clear: nominee directors may continue to exist, but the appointment relationship behind them should remain transparent, and the directors themselves should also possess qualifications and capabilities corresponding to their legal responsibilities.

4. Points of Attention For Foreign Investors in Singapore

For foreign investors planning to establish a Singapore company through a nominee director arrangement, rather than understanding a nominee director as a formal requirement for completing company registration, greater attention should be paid to the continuing corporate governance responsibilities behind it.

Kaizen recommends that foreign investors pay particular attention to the following aspects when using nominee director services:

(1) First, it should be confirmed whether the relevant services are provided or arranged by a licensed Corporate Service Provider (CSP) registered with ACRA.

(2) Second, an appropriate information communication mechanism should be established to ensure that the nominee director is able to learn in a timely manner about important information such as the company's main business, bank accounts, major transactions and actual controllers.

(3) Third, the boundaries of rights and responsibilities should be clearly divided through a nominee agreement, specifying that the nominee director does not participate in the company's daily operation and management, and making arrangements regarding the review of major matters, document signing authority, appointment, resignation and replacement mechanisms.

(4) Finally, the company's actual business and fund flows should remain genuine and transparent, so as to ensure that the nominee director is able to fulfil the necessary corporate governance and compliance obligations.

In summary, a Singapore nominee director is not simply a "name-only" arrangement, but a lawful corporate governance mechanism that enables foreign investors to meet the local director requirement. A nominee director may serve as a local director on behalf of a foreign investor, but his or her status as a director and legal responsibilities genuinely exist. A nominee relationship may exist, but the appointment relationship behind it must remain transparent and be subject to corresponding regulation. This is also the core logic behind Singapore's continued regulation of nominee directors in recent years.

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