

Regulating Beneficial Ownership: Lessons for Malaysia from the United Kingdom Framework

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ABSTRACT

This research examines the legal frameworks governing beneficial ownership in Malaysia and the United Kingdom (UK) against the backdrop of growing global concern over opaque corporate structures and their misuse in financial crimes. Malaysia's Companies (Amendment) Act 2024 introduces significant reforms aimed at enhancing beneficial ownership regulations. However, challenges persist, including limited enforcement, reliance on self-reporting, and the absence of reported enforcement actions, raising doubts about its effectiveness. By contrast, the UK has developed a more mature regime anchored in the Companies Act 2006 and strengthened by the Economic Crime Acts 2022 and 2023, with its public register of Persons with Significant Control (PSC) serving as a model for transparency and accountability. The study assesses how Malaysia's reforms align with international best practices and examines its regulatory and enforcement mechanisms relative to the UK system. A qualitative methodology is employed, combining doctrinal legal analysis of key statutes, such as the Companies Act 2016 and the UK's Companies Act 2006, with semi-structured interviews conducted with relevant stakeholders. Findings indicate that Malaysia's framework remains weakened by the lack of independent verification, consistent enforcement, and public accessibility, thereby undermining deterrence against financial crimes. In contrast, the UK regime, despite its limitations, demonstrates stronger institutional coordination and accountability. The study recommends enhanced verification processes, inter-agency cooperation, and greater public access to registers to strengthen Malaysia's compliance with FATF Recommendation 24 and enhance transparency.

Keywords: Beneficial Ownership, Financial Transparency, Malaysia, United Kingdom, Corporate Governance, FATF, AML, Legal Reform

INTRODUCTION

Beneficial ownership (BO) transparency has increasingly become a global priority in efforts to combat financial crimes such as money laundering, tax evasion, and terrorist financing. The Financial Action Task Force (FATF), the intergovernmental body established to address financial crimes, defines a beneficial owner as the individual who ultimately owns or controls a customer or legal entity, including those with final authority over its operations [1]. The Organisation for Economic Co-operation and Development (OECD) similarly recommends that jurisdictions adopt measures to ensure the availability and accessibility of BO data to reduce the misuse of corporate structures [2]. Transparency in beneficial ownership is essential not only as a compliance requirement but also as a critical mechanism for preventing the concealment of illegal activities [3]. By ensuring access to information about the individuals who ultimately own or control a company, this transparency significantly enhances corporate accountability and contributes to a business environment that values ethical practices [4]. It facilitates the ability of regulatory authorities to monitor illicit financial flows, mitigates the risk of corruption, and reinforces public trust in the integrity of the corporate sector [5]. Moreover, it empowers stakeholders, including investors and consumers, to make informed decisions based on the ownership structures of the organisations with which they engage.

Malaysia has recently introduced a BO reporting framework through the Companies (Amendment) Act 2024. Prior to this reform, the Companies Act 2016 contained no clear definition of a beneficial owner and lacked detailed disclosure obligations. The 2024 Amendment addresses this gap by inserting a new Division 8A (Sections 60A-60E), defining BO as an individual who directly or indirectly owns or controls at least 20 per cent of a company's shares or voting rights, or who exercises significant influence over its management. Companies are now required to disclose BO information to the Companies Commission of Malaysia (CCM) and maintain records at their registered office. Non-compliance constitutes an offence punishable by fines [6]. These reforms aim to align Malaysia with international standards and reduce vulnerabilities to corporate misuse, as evidenced by high-profile scandals such as 1Malaysia Development Berhad (1MDB), which highlighted the devastating consequences of opaque ownership structures [7].

By contrast, the United Kingdom (UK) has been a global pioneer in establishing public BO registers. Following extensive policy debates and cost-benefit analyses in the early 2000s and the Global Witness review in 2013, the UK introduced the "Persons with Significant Control" (PSC) Register under the Small Business, Enterprise and Employment Act 2015, which amended the Companies Act 2006. Part 21A of the Act requires companies to identify, verify, and disclose their PSCs, with failure to comply constituting a criminal offence punishable by fines or imprisonment. The PSC Register, formally implemented in 2016, remains publicly accessible via Companies House, thus enhancing transparency and law enforcement efficiency [8]. In addition, BO regulation is reinforced through the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017, which define beneficial owners as individuals holding more than 25 per cent of shares or voting rights, or exercising ultimate control over a company's affairs [9].

Despite these global advancements, Malaysia's regulatory framework for BO transparency is still in its formative stages. The FATF has consistently stressed that adequate, accurate, and timely BO information is vital for effective enforcement [10]. While the Companies (Amendment) Act 2024 marks a significant milestone, questions remain regarding its sufficiency in meeting international standards and its capability to deter misuse of corporate vehicles. This paper, therefore, seeks to examine Malaysia's BO regime by comparing it with the more established UK framework, with the aim of identifying areas for improvement.

Accordingly, this study is guided by three research questions: (1) What legal framework regulates BO in Malaysia? (2) What legal framework regulates BO in the United Kingdom? (3) How can the regulatory framework for beneficial ownership (BO) be improved in Malaysia?

RESEARCH METHODOLOGY

The research utilised a qualitative approach to better understand how individuals perceived, interpreted, and engaged with complex legal and institutional developments [11]. Unlike purely doctrinal studies that confine analysis to written laws, this design combined legal analysis with lived experiences and institutional practices, thereby providing a more nuanced understanding of the implementation of BO regulations in Malaysia.

The research drew upon both primary and secondary sources. Primary data consisted of semi-structured interviews with four purposively selected respondents. This sampling strategy, which identified individuals based on their expertise and institutional roles, ensured that perspectives were drawn from key stakeholders, including regulators, legal practitioners and academicians.

Table I Respondents Involved in the Study

No.	Respondents	Position
1.	Respondent 1	TI-M Execution Committee Member
2.	Respondent 2	Lawyer specialising in company law
3.	Respondent 3	Company legal advisor
4.	Respondent 4	Law lecturer specialising in company law

In addition, the study relied on primary legal sources, including statutory provisions such as, amongst others, the Companies Act 2016 (Malaysia) and Companies Act 2006 (UK) and relevant guidelines. These were

complemented by secondary sources, such as academic literature, books, policy papers, and reports from international organisations. Examining both the Malaysian and UK frameworks allowed the study to critically evaluate the necessary improvements for Malaysia's beneficial ownership regulatory framework, in accordance with established international best practices.

The Regulatory Framework Of Beneficial Ownership In Malaysia

Malaysia's approach to BO transparency has undergone a substantive transformation with the enactment of the Companies (Amendment) Act 2024, which came into force on 1 April 2024. A transitional period between 1 April and 30 June 2024 allowed companies to update BO information without penalties, although late submissions after this period attracted fines [12]. The Amendment inserted Division 8A into the Companies Act 2016, introducing a framework designed to align Malaysia's corporate transparency regime with international standards, including the Financial Action Task Force (FATF) Recommendations and OECD guidelines on tax transparency.

The revised statutory definition of BO reflects this alignment. It captures not only natural persons with direct legal ownership of 20% or more of a company's shares or voting rights, but also those exercising indirect, contractual, or informal control over corporate decision-making [13]. By covering direct holdings, influence through nominees, and managerial participation, the law closes loopholes that have historically enabled opaque ownership structures.

Enforcement Obligations

The BO regime applies to all companies registered under the Companies Act 2016, including foreign and government-linked entities, with no general exemptions. Companies must maintain a register of beneficial owners at their registered office and preserve records for seven years after a person ceases to be a BO [14]. They are also legally required to take proactive steps to identify BOs, including issuing annual notices or additional notices where there is reasonable suspicion under Section 60C, compelling individuals to disclose or deny BO status. If no BO can be identified, a senior officer, such as a director or Chief Executive Officer (CEO) must be recorded as the designated BO to prevent avoidance [15].

Parallel obligations are imposed on beneficial owners themselves. Under Section 60D, they must notify the company of their BO status within 30 days of acquisition, and promptly report changes. Information is then lodged electronically via the Beneficial Ownership System (e-BOS) within 14 days, with eventual integration into annual return filings under Sections 68 and 576. The Companies Commission of Malaysia (CCM) has statutory powers under the Companies Commission of Malaysia Act 2001 to inspect, audit, investigate, prosecute, and impose sanctions for non-compliance.

Penalties

The penalty structure is tiered to reflect the gravity of non-compliance. Companies that fail to maintain or update BO registers face fines of up to RM20,000, plus a daily penalty of RM500 for continuing breaches [16]. Breaches of Section 60C obligations, such as failure to issue notices, may incur fines up to RM50,000 or imprisonment of three years. More serious violations involving false or misleading BO submissions attract liability under Sections 584 and 593, with penalties of up to RM3 million-, or 10-years' imprisonment. Beneficial owners who fail to disclose or update their status may also be penalised under Section 588. These provisions underscore Malaysia's commitment to making BO reporting a substantive compliance requirement with real legal consequences.

Implementation Through e-BOS

Implementation of the new BO regime has been phased. While the law came into effect on 1 April 2024, transitional relief was extended to 30 September 2024 through Practice Directive No. 9/2024 [17]. Existing companies had to finalise BO identification and registration by this deadline, while newly incorporated companies are required to do so within 60 days of appointing a company secretary. Compliance is managed digitally through e-BOS, an online portal that enables electronic filing, updates, corrections, and data verification. By 31 December 2024, CCM reported a compliance rate of 87%, with 602,105 out of 691,690 active

companies submitting BO data [18]. By 30 April 2025, compliance had risen to 92.57%, though approximately 50,000 companies remained outstanding.

Supporting Guidelines and Case Studies

To facilitate compliance, CCM issued the Guidelines for the Reporting Framework for Beneficial Ownership of Companies (Revised). These guidelines, issued under section 20C of the CCMA 2001 and section 60A of the CA 2016, outline directors' duties in collecting, documenting, and updating BO data, with requirements for notification within 14 days of changes. Where BOs cannot be identified, companies must list senior management as proxy beneficial owners.

Complementing these guidelines, CCM published Case Studies and Illustrations of the BO Framework, which provide detailed examples for both companies limited by shares and by guarantee. These examples demonstrate how BO should be identified in cases involving joint ownership, nominees, trusts, and government-linked entities, ensuring that companies have practical models for compliance.

Reactions and Critiques

Despite the high compliance rate, implementation has drawn mixed reactions. Transparency International Malaysia (TI-M), a non-governmental organisation dedicated to combating corruption, praised the recent reforms but criticised the limited public access to beneficial ownership (BO) information. They argue that these restrictions undermine transparency and hinder oversight by civil society. TI-M has called on the government to review the 2025 Regulations and to implement secure digital access for a wider range of stakeholders [19]. In response, CCM defended the framework as balancing transparency with privacy and security in line with international norms [20].

Professional bodies such as the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) have emphasised the importance of timely compliance, warning companies of penalties for failure. Legal commentators, including the established firm Skrine, have expressed concerns regarding the overlap between beneficial ownership (BO) reporting obligations under Division 8A and the substantial shareholding disclosure requirements set out in Sections 134 to 145 of the Companies Act 2016 [21]. They note that this overlap could lead to duplication and increased administrative burdens.

The Regulatory Framework Of Beneficial Ownership In The United Kingdom

The United Kingdom has established a legal framework for beneficial ownership (BO) transparency, positioning itself as a leading player in efforts to address financial crime, corporate secrecy, and the concealment of illicit wealth [22]. Through progressive reforms, including the establishment of the People with Significant Control (PSC) Register and the Register of Overseas Entities (ROE), the UK has sought to ensure accurate identification of the genuine individuals controlling companies and property. These measures, reinforced by the Economic Crime (Transparency and Enforcement) Act 2022 and the Economic Crime and Corporate Transparency Act 2023 (ECCTA), reflect an evolving regulatory commitment to transparency, accountability, and international compliance with FATF standards.

Despite significant progress, challenges remain, particularly regarding data accuracy, verification, and enforcement capacity. The following sections outline the enforcement regime, statutory frameworks, and reactions from regulators, businesses, and society.

Enforcement Regime in the United Kingdom

The enforcement of BO obligations in the UK is anchored in the PSC Register, introduced by the Small Business, Enterprise and Employment Act 2015, which amended the Companies Act 2006. The regime requires companies to identify and disclose individuals with significant control, typically those holding 25% or more of shares or voting rights, or exercising other forms of influence.

Crucially, Section 790F of the Companies Act 2006 makes failure to comply a criminal offence, exposing companies and officers to unlimited fines and up to two years' imprisonment. Complementing these sanctions, companies may also impose share restrictions on non-compliant PSCs, suspending voting rights, dividend payments, and share transfers until disclosure obligations are fulfilled.

While the statutory framework is rigorous, enforcement has faced obstacles. A notable case arose in 2024 when Shein UK listed a corporate entity, Roadget Business Pte Ltd, as its PSC, contrary to the requirement that a natural person be disclosed [23]. Investigations revealed that as many as 50,000 UK companies had improperly declared foreign entities as PSCs, highlighting persistent loopholes in compliance [24]. In response, the ECCTA 2023 granted Companies House, the UK's official registry for limited companies and other corporate bodies, enhanced powers to verify PSC identities, reject inaccurate filings, and impose both civil and criminal penalties. The Act also marked a paradigm shift, transforming Companies House from a passive registrar into an active enforcement body.

Nevertheless, enforcement outcomes remain limited. By April 2025, Companies House had issued approximately £58,500 in fines for BO breaches but collected only £1,250 (2%) [25]. Similarly, the Register of Overseas Entities (ROE), intended to capture foreign beneficial owners of UK property, faced compliance challenges, with just 3% of the £22.99 million in fines collected [26]. These statistics illustrate the gap between legislative ambition and enforcement capacity.

Key Legislative Instruments

Economic Crime (Transparency and Enforcement) Act 2022

The 2022 Act introduced the Register of Overseas Entities (ROE), requiring foreign entities owning UK land to disclose and verify their beneficial owners with Companies House. Registration is mandatory for properties acquired in England and Wales since 1999, Scotland since 2014, and Northern Ireland since 2022 [27].

Entities that fail to register face criminal penalties, including £2,500 daily fines and potential imprisonment of up to five years [28]. The ROE aims to expose opaque offshore ownership structures historically linked to money laundering and organised crime [29]. By making beneficial ownership of property publicly accessible, the Act sought to strengthen due diligence in the real estate sector while preserving legitimate investment flows.

Economic Crime and Corporate Transparency Act 2023 (ECCTA)

The ECCTA is a significant reform to UK company law that has been introduced in recent decades. Structured in six parts, it introduced sweeping reforms across multiple areas of governance and compliance: Part one introduces changes to the Companies Act 2006 to enhance Companies House operations and expand the Registrar's legal duties; Part two modernises limited partnership rules to align with company standards; Part three builds on the 2022 Act with new measures for the Register of Overseas Entities; Part four updates the legal framework for seizing crypto assets; Part five strengthens anti-money laundering laws; and Part six includes general provisions that support the other parts [30]. The ECCTA brings significant changes to the role of the Registrar of Companies by introducing four key objectives aimed at strengthening the reliability and accuracy of the company register [31]. The Registrar's objectives are to ensure that individuals or entities submit documents correctly and in line with proper delivery rules, to maintain the accuracy and completeness of the register, to prevent it from giving a false or misleading impression, and to stop companies and others from engaging in or facilitating illegal activities [32]. A transformative feature is the proactive role of the Registrar of Companies, with powers to verify director and PSC identities through Authorised Corporate Service Providers (ACSPs), strike out fraudulent entries, and share intelligence with law enforcement. By shifting Companies House into an active gatekeeping role, the ECCTA directly addresses long-standing criticisms of weak verification and enforcement.

Reactions to Implementation

Three years after the PSC Register's introduction, official reviews indicated that 53% of companies had filed PSC data more than two years earlier, with 95% of businesses reporting no adverse operational impacts [33].

Many businesses even considered the regime a useful due diligence tool rather than a regulatory burden. Financial institutions regularly use PSC data for customer verification and anti-money laundering checks, while law enforcement has leveraged the register in cases involving human trafficking and modern slavery, underscoring its broader societal value [34].

Civil society organisations, particularly Global Witness and Open Ownership, have welcomed the UK's leadership but highlighted persistent flaws, particularly the absence of independent verification [35]. Research revealed thousands of suspicious filings, including declarations of "no PSC" or registrations of proxy entities. These weaknesses have spurred calls for automated verification tools, enhanced public access, and closer scrutiny of filings.

From March 2024, Companies House began purging false entries, challenging suspicious data, and preparing for mandatory identity verification of all PSCs and directors by autumn 2025 [36]. These measures are expected to significantly enhance accuracy and deter misuse. At the same time, debates persist regarding the tension between transparency and privacy. While data regarding Persons with Significant Control (PSC) is generally accessible to the public, there are specific safeguards that enable individuals to restrict the disclosure of their information. Such restrictions can be invoked when individuals can demonstrate that they face security risks, including threats or intimidation, which may arise from public access to their data.

In a significant 2022 ruling, the European Court of Justice (ECJ) addressed these concerns by determining that allowing unrestricted public access to beneficial ownership registers across the European Union disproportionately violates individuals' privacy rights [37]. This decision has sparked a broader debate regarding the appropriate balance between public access to corporate ownership information and the need to protect personal privacy. As a result, there are now critical questions surrounding how similar regulations will be implemented in the UK moving forward, particularly in light of the country's evolving legal landscape concerning data protection and privacy rights.

FINDINGS

Table 2: The Comparison Between the Malaysia Companies (Amendment) Act 2024 and the Uk Companies Act 2006

Statues/Aspects	Malaysia (Companies (Amendment) Act 2024)	United Kingdom (Companies Act 2006 & PSC Framework)
Legal Definition and Threshold	BO is defined under Section 60A as individuals with ownership or control of at least 20% or having ultimate effective control.	Defines PSC as those having $\geq 25\%$ ownership or control or notable influence, organised as outlined in Schedule 1A.
Public Accessibility	BO information is submitted via e-BOS, yet it is not publicly available.	PSC register is fully public via Companies House, enhancing public scrutiny and investigative access.
Data Standardisation	Reporting fields lack a high degree of standardisation, and companies may interpret various thresholds inconsistently or in different ways.	PSC data is structured with consistent fields (DOB, nationality, nature of control), facilitating international comparability.
Verification Mechanism	There is no mandatory ID verification or third-party checks since it relies on self-reporting by the company.	Under the Economic Crime and Corporate Transparency Act 2023, identity verification has become compulsory.
Enforcement and Penalties	Companies that do not adhere to regulations face fines of up to RM20,000 and RM500 each day for ongoing violations.	Offences include penalties and up to 2 years in prison. Companies House now possesses greater authority to refuse or indicate fraudulent entries.
Technology Use	Uses e-BOS digital platform; limited inter-agency integration or automated verification.	Companies House incorporates cross-database verifications and has enhanced its digital functions for immediate validation and notifications.

Table 2 illustrates that both Malaysia and the United Kingdom have established legal frameworks that mandate the disclosure of beneficial ownership (BO) information. However, these frameworks differ significantly in terms of accessibility, enforcement, and verification systems. In the United Kingdom, the People with Significant Control (PSC) framework, created by the Companies Act 2006, provides a more organised and publicly accessible register, enhancing transparency and comparability. In contrast, while the amendments to Malaysia's Companies Act 2016 in 2024 made notable improvements, they still lack mechanisms for public transparency and immediate verification.

Table 3: The Comparison Between Malaysia and the United Kingdom on Independent Verification

Aspect	Malaysia	United Kingdom
Data Comparability	Limited due to private registry and inconsistent data structure; not aligned with global best practices.	High comparability through public, structured PSC Register meeting FATF and OECD standards.
Independent Verification	No third-party or automated verification, hence high reliance on the company's honesty.	Mandatory identity checks, cross-verification with databases, hence Companies House enforces compliance actively.
Regulatory Reform Status	The newly amended (2024) is still developing enforcement and reporting culture.	Well-established (since 2016) and has continuously updated through the Economic Crime Act.
Support for Investigations	Internal use by CCM and enforcement bodies, with limited access for media or NGOs.	Public access aids law enforcement, civil society, and cross-border investigations.
Global Compliance Readiness	In progress and aligns with FATF recommendations but is not fully enforced or transparent.	Fully aligns with FATF R.24 and is considered a model for BO transparency.

Table 3 indicates that the United Kingdom's beneficial ownership (BO) framework includes stronger provisions for ensuring data comparability and independent verification. The UK emphasises transparency and accountability by mandating public disclosure of ownership and establishing methods to validate submitted information against official records. The reforms introduced in 2023 by the Economic Crime (Transparency and Enforcement) Act (ECCTA) enhanced the authority of Companies House to identify discrepancies and reject unverified submissions. In contrast, Malaysia's current regulatory framework on BO is still in the early stages of reform. Although the Companies (Amendment) Act 2024 marks a positive step towards transparency, the lack of third-party verification and public access limits its capability to meet global standards.

DISCUSSION AND RECOMMENDATIONS

The comparative analysis between Malaysia and the United Kingdom's beneficial ownership (BO) frameworks highlights both substantial progress and shortcomings in Malaysia's evolving regulatory landscape. While the Companies (Amendment) Act 2024 and the introduction of the Electronic Beneficial Ownership System (e-BOS) signify Malaysia's commitment to enhancing corporate transparency, the framework remains at an early stage of maturity, particularly when compared with the United Kingdom's more developed regime. The findings from this research, supported by insights from respondents, underscore several legal, institutional, and operational challenges that warrant reform.

Inconsistencies in Legal Definition and Thresholds

A central concern is the inconsistency in thresholds for identifying BOs across different Malaysian statutes. Respondent 4 noted that under the Companies Act 2016, the threshold is set at 20%, while the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLA) sets the threshold at 25%. This divergence creates uncertainty for company secretaries and compliance professionals who are tasked with implementing both regimes. Furthermore, vague statutory terms such as "ultimate effective control" complicate the process of identifying individuals with significant influence, raising interpretive issues that courts

will ultimately need to resolve. Respondent 4 emphasised that definitional clarity and harmonisation are crucial to ensure uniform compliance.

To address this concern, it is recommended that regulations and thresholds in all relevant statutes and guidelines be standardised. This harmonisation would eliminate interpretative ambiguities and foster consistency. In addition, CCM, as the principal enforcement agency, should publish comprehensive practical guidelines and conduct training to assist company secretaries in understanding and applying concepts such as “effective control” in practice.

Public Accessibility and Transparency

Another significant gap lies in the absence of a centralised, publicly accessible BO register in Malaysia. The United Kingdom’s Companies House has pioneered a transparent model, allowing public access to PSC data, which strengthens accountability and facilitates broader due diligence. In contrast, Malaysia’s e-BOSS restricts BO information to regulatory and enforcement bodies. Respondents 1 and 4 argued that this limitation undermines transparency and reduces the effectiveness of BO reporting in deterring illicit financial practices.

Therefore, Malaysia should consider adopting a tiered-access model similar to the United Kingdom, where BO information is made publicly available with exemptions for sensitive individuals, subject to judicial oversight. This approach balances public accountability with privacy protection, aligning Malaysia with FATF’s normative standards on transparency.

Verification and Enforcement Mechanisms

Verification remains one of the weakest components of Malaysia’s framework. Currently, the e-BOS system relies heavily on self-reporting, without third-party verification or identity checks. This raises concerns about the accuracy and integrity of submitted data. Respondent 2 emphasised that this deficiency increases the risk of false or fabricated BO declarations, particularly in complex ownership structures. In the United Kingdom, legislative reforms such as the ECCTA 2023 have introduced mandatory identity verification and expanded the enforcement powers of Companies House to reject suspicious filings [38].

Therefore, Malaysia should strengthen CCM’s statutory powers to allow for identity verification and cross-agency data validation. In addition, sanctions should move beyond administrative fines to include criminal liability for deliberate misreporting, ensuring stronger deterrence. This would also align Malaysia’s framework with international best practices on verifiability and enforcement.

Institutional Capacity and Inter-Agency Integration

The effectiveness of Malaysia’s BO regime is further undermined by weak institutional capacity and poor inter-agency collaboration. Respondents highlighted that CCM lacks the manpower, technical expertise, and funding necessary to verify submissions effectively. Furthermore, BO data is not systematically shared between CCM, Bank Negara Malaysia (BNM), and the Malaysian Anti-Corruption Commission (MACC), resulting in siloed enforcement that impairs the detection of suspicious ownership structures. By contrast, the UK model demonstrates the importance of cross-database integration and institutional readiness in maintaining an accurate and reliable register.

Malaysia should prioritise investment in CCM’s human capital and technological infrastructure, enabling active rather than passive regulation. This includes creating a centralised, cross-agency BO database with layered access for regulators and financial institutions. Such integration would enhance enforcement efficiency and strengthen the overall governance ecosystem.

Compliance Burdens and Resource Constraints

A recurring theme across respondents’ perspectives is the significant compliance burden imposed on company secretaries and corporate service providers. High costs associated with verification tools, such as sanction screening software, pose barriers to effective implementation. Without financial and technical support,

compliance risks are reduced to a “box-ticking exercise,” undermining the intent of the legislation. Respondents also highlighted the risk that smaller firms, lacking resources, may either fail to comply or provide incomplete information.

Therefore, it is suggested that the government and CCM should develop cost-effective compliance mechanisms, including subsidised access to verification tools and structured training programmes for compliance professionals. Over the long term, a phased implementation approach could allow Malaysia to gradually adopt more stringent verification and reporting requirements while monitoring outcomes from the UK’s recent reforms.

Normative Expectations and International Standards

From a normative perspective, the findings underscore three interconnected domains shaping global BO standards: transparency and public accountability, verifiability and enforceability, and institutional readiness and integration. Malaysia’s framework has made progress, but it remains transitional and heavily dependent on self-reporting without robust checks. In this respect, the normative standards embodied by the UK regime, particularly its emphasis on transparency, continuous regulatory engagement, and enforceability, highlight the direction Malaysia must take to align with FATF Recommendation 24 and OECD best practices.

Malaysia should progressively embed these normative principles into its BO framework. This requires expanding enforcement provisions, introducing identity verification, and promoting a culture of compliance through training, audits, and whistleblower protections.

CONCLUSION

Table 4: Directions for Malaysia

Aspects	Malaysia (Current)	UK (Reference Standard)	Directions for Malaysia
Transparency & Public Accountability	Limited: e-BOS is centralised but not public; external scrutiny restricted	High: PSC register fully public, accessible via Companies House	Expand public accessibility to promote accountability and align with FATF/OECD
Verifiability & Enforceability	Self-reporting only; no identity verification; weak penalties	Mandatory identity verification, Companies House oversight, and penalties include imprisonment	Introduce ID verification, strengthen enforcement provisions, and integrate whistleblower protections
Institutional Readiness & Integration	Basic digitisation (e-BOS); limited inter-agency integration	Automated validation, cross-database checks, regulatory engagement	Promote inter-agency integration, enhance audits, training, and compliance culture

The reforms introduced by the Companies (Amendment) Act 2024 and e-BOS represent an important step in Malaysia’s commitment to financial transparency. However, definitional ambiguities, weak enforcement, lack of verification, institutional constraints, and restricted public access continue to impede the system’s effectiveness. To bridge these gaps, Malaysia must draw lessons from the United Kingdom’s experience, as per Table 4, while adapting reforms to its domestic context. Strengthening institutional capacity, harmonising thresholds, enabling public scrutiny, and embedding verification mechanisms are critical to transforming e-BOS from a passive repository into an active regulatory tool. Ultimately, the success of Malaysia’s BO regime will depend not only on legislative reform but also on its ability to operationalise global best practices in a manner that enhances trust, accountability, and resilience in its corporate governance ecosystem.

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