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Nominee director and nominee shareholder

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In short: A nominee director or nominee shareholder holds a position or shares on behalf of another person, who is the real decision-maker or owner. Nominees are legal in many countries, but FATF's 2022 rules require them to disclose their status and the person they act for, and they never hide the beneficial owner from banks or authorities.

Nominees are sometimes used where a country requires a locally resident director, such as Singapore, or for administrative convenience. They are also a known risk for money laundering, so the FATF's revised Recommendation 24 requires countries to make nominees disclose their status and the identity of their nominator to the company and the registry, or to license them.

A nominee director keeps the full legal duties of a director and can be personally liable. A nominee arrangement does not change who the beneficial owner is, and it does not change where the company is managed for tax residence if the real decisions are taken elsewhere.

See also

- Beneficial owner
- Corporate tax residence
- Company director

Frequently asked questions

Is it legal to use a nominee director?

In many countries yes, if the arrangement is disclosed as the law requires. Using a nominee to hide ownership or mislead a bank or registry is illegal.

References

1. Guidance on Beneficial Ownership of Legal Persons (Recommendation 24) . Financial Action Task Force. Accessed November 2026.
2. The FATF Recommendations . Financial Action Task Force. Accessed November 2026.

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