

# ANNEX C: PROPOSED KEY AMENDMENTS TO MAS NOTICE 824

## 1 NEW REQUIREMENTS

### 1.1 Assessing Risks and Applying a Risk-Based Approach – Paragraphs 4.1 to 4.3

1.1.1 MAS adopts a risk-based approach (RBA) in its supervision of financial institutions. The use of an RBA in the implementation of AML/CFT controls allows for resources to be effectively allocated according to the level of risk. In this regard, MAS and other Singapore authorities undertook a money laundering and terrorism financing (ML/TF) risk assessment exercise at the national level which culminated with the publication on 10 January 2014 of the Singapore National Money Laundering and Terrorist Financing Risk Assessment Report 2013 ([NRA<sup>1</sup>](#)). The key purpose of publishing the NRA was to help private sector stakeholders, including financial institutions, better understand the ML/TF risks in their sector, as well as those that they deal with.

1.1.2 MAS Notice 824 will include new obligations for finance companies to identify and assess the overall ML/TF risks they face as an institution, and to take commensurate steps to mitigate these risks effectively. Finance companies should take into account the results of Singapore’s NRA when making this assessment, and ensure that the resources and mitigating measures in place are commensurate with the ML/TF risks identified. Such risk assessments should be updated and reviewed on a regular basis.

### 1.2 Performing Customer Due Diligence – Paragraph 6.3(c)

MAS Notice 824 will include new obligations for finance companies to perform customer due diligence (“CDD”) when effecting or receiving funds by domestic wire transfer or by cross-border wire transfer that exceeds S\$1,500 for any customer who has not otherwise established business relations with the finance company.

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<sup>1</sup> [http://www.mas.gov.sg/~media/resource/news\\_room/press\\_releases/2014/Singapore%20NRA%20Report.pdf](http://www.mas.gov.sg/~media/resource/news_room/press_releases/2014/Singapore%20NRA%20Report.pdf)

## **2 CLARIFICATION OF EXISTING EXPECTATIONS**

### **2.1 Relationship Management - Paragraph 2.1**

2.1.1 Existing Guidelines to MAS Notice 824 outlines that finance companies should consider the substance of the relationship as a whole, as opposed to just booking location, to determine an individual, trust or corporate as its customer. This takes into consideration the globalised nature of banking, where a finance company's relationship and transactions with a particular customer could be managed by finance company officers based in more than one country or that the customer's account may be booked in one country but managed by a finance company's office in another country or jurisdiction.

2.1.2 This approach will now be explicitly referred to in the revised MAS Notice 824 through the term - "relationship management", which covers the managing or servicing by an employee of a finance company of a customer account that is also opened with the overseas subsidiary, branch, parent or related corporation of the finance company.

### **2.2 New Products, Practices and Technologies – Paragraphs 5.1 to 5.3**

MAS Notice 824 will be revised to clarify risk assessment and mitigation requirements in relation to new products, practices and technologies.

### **2.3 Reasonable Grounds for Suspicion – Paragraphs 6.2, 6.30 and 6.31**

2.3.1 MAS had previously explained in its response to the feedback in its March 2013 Consultation Paper to Designate Tax Crimes as Money Laundering Predicate Offences in Singapore, its supervisory expectations with respect to deterring illicit monies arising from tax evasion, which is now part of the predicate offences pursuant to [Singapore's AML regime](#)<sup>2</sup>.

2.3.2 MAS Notice 824 will be amended to clarify the following existing expectations:

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<sup>2</sup> <http://statutes.agc.gov.sg/aol/search/display/view.w3p?page=0;query=CompId%3Ae656bc3e-f045-429e-8eda-b16a8c26a419;rec=0;resUrl=http%3A%2F%2Fstatutes.agc.gov.sg%2Faol%2Fbrowse%2FtitleResults.w3p%3Bletter%3DC%3Btype%3DactsAll#legis>

- a. Prospective customers. Finance companies should not establish business relations or undertake a transaction for prospective customers if there are reasonable grounds to suspect that the assets or funds of the said customer are proceeds of serious offences.
- b. Existing customers. Where there are reasonable grounds to suspect that an existing customer is connected with ML/TF activities, specific steps need to be taken by the finance company, including consideration whether to continue the relationship. Should the finance company decide to retain the customer, the finance company should also take mitigating measures which are commensurate with its risk assessment.

## **2.4 Identification and Verification of Identity of Beneficial Owners - Paragraphs 6.19 to 6.20**

2.4.1 The revised MAS Notice 824 will provide further elaboration of the cascading measures finance companies need to undertake when identifying and verifying the identity of beneficial owners of legal persons and legal arrangements.

2.4.2 For legal persons —

- a. Finance companies are to take reasonable measures to identify the natural persons who ultimately own the legal person.
- b. Where there is doubt as to whether the natural persons who ultimately own the legal person are the beneficial owners or where no natural persons ultimately own the legal person, finance companies are to identify the natural persons who ultimately control the legal person.
- c. If no natural person has been identified after steps (a) and (b), finance companies will need to identify the natural persons having executive authority in the legal person, or in equivalent or similar positions.

2.4.3 When dealing with legal arrangements, finance companies will need to identify the trustee(s), settlor, protector (where applicable), beneficiaries, and any natural person exercising ultimate ownership or control over the trust, as well as take reasonable measures to verify their identities.

## **2.5 Customer Screening - Paragraphs 6.44 to 6.47**

2.5.1 MAS Notice 824 will be revised to clarify existing expectations for finance companies to conduct customer and related parties screening. The scope of screening will include the

customer, natural persons appointed to act on behalf of the customer, connected parties, beneficial owners of the customer and wire transfer originators and beneficiaries.

2.5.2 A screening process is fundamental to managing ML/TF risks. Finance companies are expected to have adequate systems, procedures and processes to perform effective screening to identify any parties who are sanctioned or suspected to be involved in ML/TF activities. The screening process could also enable the finance company to identify higher risk customer relationships. Finance companies need to perform screening on all their new and existing customers, as well as their beneficial owners and any connected parties, at the point of on-boarding and on an ongoing basis. Screening should be performed based on relevant ML/TF information sources, including information and lists provided by MAS and other relevant authorities in Singapore.

## **2.6 Politically Exposed Persons (“PEP”) – Paragraphs 8.1 to 8.4**

In light of new developments in international standards and best practices with respect to PEPs, MAS Notice 824 will further clarify requirements with respect to PEPs, their family members and close associates. This will introduce the option of adopting an RBA for certain categories of PEPs.

## **2.7 Other High Risk Categories - Paragraphs 8.5 to 8.7**

The amended MAS Notice 824 will set out requirements to take into account countries and jurisdictions identified by the FATF as higher risk. Finance companies are also required to have processes in place to ensure compliance with regulations (e.g. MAS Regulations on Iran and the Democratic People's Republic of Korea) and directions issued by MAS under section 27A of the MAS Act (Cap. 186). Such processes would include enhanced CDD measures where relevant.

## **2.8 Performance of CDD Measures by Third Parties - Paragraphs 9.1 to 9.5**

MAS Notice 824 will now specify requirements for finance companies in terms of reliance on third parties, including their own branches and subsidiaries, to perform CDD.

## **2.9 Wire Transfers - Paragraphs 11.1 to 11.17**

MAS Notice 824 will be amended to outline requirements when effecting or receiving funds by wire transfer as an ordering institution, beneficiary institution or an intermediary institution. The threshold for enhanced measures in relation to cross-border wire transfers will also be lowered from S\$2,000 to S\$1,500.

## **2.10 Record Keeping - Paragraphs 12.1 to 12.4**

MAS Notice 824 will now clarify requirements in relation to record keeping of CDD information and records relating to a transaction.

## **2.11 Sharing of AML/CFT Information within Financial Group - Paragraphs 15.3 to 15.9**

2.11.1 A key element of an effective AML/CFT programme is the management of ML/TF risks on a group-wide basis. This is in line with MAS' existing approach and international best practice to better manage ML/TF risks across the financial group.

2.11.2 MAS Notice 824 will be amended to clarify existing expectations on finance companies incorporated in Singapore to develop and implement group policies and procedures for their branches and subsidiaries within the financial group to share information required for the purposes of CDD, and for ML/TF risk management.

### **3 DRAFT MAS NOTICE 824**

MAS Notice 824

[ ] 2014

NOTICE TO FINANCE COMPANIES  
MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

### **PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM – FINANCE COMPANIES**

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#### **1 INTRODUCTION**

- 1.1 This Notice is issued pursuant to section 27B of the Monetary Authority of Singapore Act (Cap. 186) and applies to all finance companies, licensed under section 6 of the Finance Companies Act (Cap.108).
- 1.2 This Notice shall take immediate effect. MAS Notice 824 dated 2 July 2007 is cancelled with effect from [ ].

#### **2 DEFINITIONS**

- 2.1 For the purposes of this Notice —

“AML/CFT” means anti-money laundering and countering the financing of terrorism;

“Authority” means the Monetary Authority of Singapore;

“beneficial owner”, in relation to a customer of a finance company, means the natural person who ultimately owns or controls a customer, or the natural person on whose behalf a transaction is conducted or business relations are established and includes any person who exercises ultimate effective control over a legal person or legal arrangement;

“business relations” means —

- (a) the opening or maintenance of an account by the finance company in the name of;
- (b) the provision of financial advice by the finance company to; or

(c) the undertaking of relationship management by the finance company for, a person (whether a natural person, legal person or legal arrangement);

“CDD measures” or “customer due diligence measures” means the measures required by paragraph 6;

“connected party” —

- (a) in relation to a legal person (other than a partnership), means any director or any natural person having executive authority in the legal person;
- (b) in relation to a legal person that is a partnership, means any partner or manager; and
- (c) in relation to a legal arrangement, means any natural person having executive authority in the legal arrangement, where applicable;

“Core Principles” refers to the Core Principles for Effective Banking Supervision issued by the Basel Committee on Banking Supervision, the Objectives and Principles for Securities Regulation issued by the International Organization of Securities Commissions, and the Insurance Core Principles issued by the International Association of Insurance Supervisors;

“customer”, in relation to a finance company, means a person (whether a natural person, legal person or a legal arrangement) —

- (a) with whom the finance company establishes or intends to establish business relations; or
- (b) for whom the finance company undertakes or intends to undertake any transaction without an account being opened;

“FATF” means the Financial Action Task Force;

“finance company” means a finance company licensed under section 6 of the Finance Companies Act (Cap. 108);

“financial advice” means a financial advisory service as defined in section 2(1) of the Financial Advisers Act (Cap. 110) or advising on corporate finance as defined in section 2(1) of the Securities and Futures Act (Cap. 289);

“financial group” means a group that consists of a legal person or legal arrangement exercising control and coordinating functions over the rest of the group for the

application of group supervision under the Core Principles, and its branches and subsidiaries that are subject to AML/CFT policies and procedures at the group level;

“government entity” means a government of a country or jurisdiction, a ministry within such a government, or an agency specially established by such a government through written law;

“legal person” means an entity other than a natural person that can establish a permanent customer relationship with a financial institution or otherwise own property;

“legal arrangement” means a trust or other similar arrangement;

“partnership” means a partnership, a limited partnership within the meaning of the Limited Partnerships Act (Cap. 163B) or a limited liability partnership within the meaning of the Limited Liability Partnerships Act (Cap. 163A);

“personal data” has the same meaning as defined in section 2(1) of the Personal Data Protection Act 2012 (Act 26 of 2012);

“reasonable measures” means appropriate measures which are commensurate with the money laundering or terrorism financing risks;

“related corporation” has the same meaning as in section 6 of the Companies Act (Cap. 50);

“relationship management” means the managing or servicing by an employee of a finance company of an account with a customer that is opened with the overseas subsidiary, branch, parent or related corporation of the finance company;

“STR” means suspicious transaction report; and

“STRO” means the Suspicious Transactions Reporting Office, Commercial Affairs Department of the Singapore Police Force.

2.2 A reference to any threshold or value limit expressed in S\$ shall include a reference to the equivalent amount expressed in any other currency.

2.3 The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the Finance Companies Act (Cap. 108).

### **3 UNDERLYING PRINCIPLES**

3.1 This Notice is based on the following principles, which shall serve as a guide for all



finance companies in the conduct of their operations and business activities:

- (a) A finance company shall exercise due diligence when dealing with customers, persons appointed to act on the customer's behalf and beneficial owners.
- (b) A finance company shall conduct its business in conformity with high ethical standards, and guard against establishing any business relations or undertaking any transaction, that is or may be connected with or may facilitate money laundering or terrorism financing.
- (c) A finance company shall, to the fullest extent possible, assist and cooperate with the relevant law enforcement authorities in Singapore to prevent money laundering and terrorism financing.

#### **4 ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH**

##### **Risk Assessment**

4.1 A finance company shall take appropriate steps to identify, assess and understand, its money laundering and terrorism financing risks in relation to —

- (a) its customers;
- (b) the countries or jurisdictions its customers are from or in;
- (c) the countries or jurisdictions the finance company has operations in; and
- (d) the products, services, transactions and delivery channels of the finance company.

4.2 The appropriate steps referred to in paragraph 4.1 shall include —

- (a) documenting the finance company's risk assessments;
- (b) considering all the relevant risk factors before determining the level of overall risk and the appropriate type and extent of mitigation to be applied;
- (c) keeping the risk assessments up to date; and
- (d) having appropriate mechanisms to provide its risk assessment information to the Authority.

##### **Risk Mitigation**

4.3 A finance company shall —

- (a) have policies, controls and procedures, which are approved by senior management, to enable it to manage and mitigate effectively the risks that have been identified by the finance company or notified to it by the Authority or other relevant authorities in Singapore;
- (b) monitor the implementation of those policies, controls and procedures and enhance them if necessary;
- (c) take enhanced measures where higher risks are identified, to manage and mitigate those higher risks; and
- (d) ensure that measures or enhanced measures taken to manage and mitigate the identified risks address the risk assessment and guidance from the Authority or relevant authorities in Singapore.

## **5 NEW PRODUCTS, PRACTICES AND TECHNOLOGIES**

5.1 A finance company shall identify and assess the money laundering and terrorism financing risks that may arise in relation to —

- (a) the development of new products and new business practices, including new delivery mechanisms; and
- (b) the use of new or developing technologies for both new and pre-existing products.

5.2 A finance company shall undertake the risk assessments, prior to the launch or use, to the extent permitted by this Notice, of such products, practices and technologies, and shall take appropriate measures to manage and mitigate the risks.

5.3 A finance company shall, in complying with the requirements of paragraphs 5.1 and 5.2, pay special attention to any —

- (a) new products and business practices, including new delivery mechanisms; and
- (b) new or developing technologies,

that favour anonymity.

## **6 CUSTOMER DUE DILIGENCE (“CDD”)**

## **Anonymous or Fictitious Account**

- 6.1 No finance company shall open or maintain anonymous accounts or accounts in fictitious names.

## **Where There Are Reasonable Grounds for Suspicion on Prospective Customers**

- 6.2 Where the finance company has reasonable grounds to suspect that the assets or funds of a prospective customer, with whom the finance company intends to establish business relations or for whom the finance company intends to undertake transactions without opening an account, are proceeds of a serious offence as defined in the Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A), or are property related to the facilitation or carrying out of any terrorism financing offence as defined in the Terrorism (Suppression of Financing) Act (Cap. 325), the finance company shall —
- (a) not establish business relations or undertake a transaction with the prospective customer; and
  - (b) file an STR<sup>1</sup>, and extend a copy to the Authority for information.

## **When CDD measures are to be Performed**

- 6.3 A finance company shall perform CDD measures in accordance with this Notice when —
- (a) the finance company establishes business relations with any customer;
  - (b) the finance company undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the finance company;
  - (c) the finance company effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who has not otherwise established business relations with the finance company;
  - (d) there is a suspicion of money laundering or terrorism financing, notwithstanding that the finance company would otherwise not be required by this Notice to perform CDD measures; or
  - (e) the finance company has doubts about the veracity or adequacy of any

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<sup>1</sup> Please note in particular section 48 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act on tipping-off.

information previously obtained.

- 6.4 Where a finance company suspects that two or more transactions are or may be related, linked or the result of a deliberate restructuring of an otherwise single transaction into smaller transactions in order to evade the measures provided for in this Notice, the finance company shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.

## **CDD Measures**

### **(I) Identification of Customers**

- 6.5 A finance company shall identify each customer.
- 6.6 For the purpose of paragraph 6.5, a finance company shall obtain and record information of the customer, including but not limited to the following:
- (a) full name, including any aliases;
  - (b) unique identification number (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number);
  - (c) existing residential address, registered or business address (as may be appropriate, and if different, principal place of business) and contact telephone number(s);
  - (d) date of birth, incorporation or registration (as may be appropriate); and
  - (e) nationality or place of incorporation or registration (as may be appropriate).
- 6.7 Where the customer is a legal person or legal arrangement, the finance company shall, apart from identifying the customer, also identify the legal form, constitution and powers of the legal person or legal arrangement.
- 6.8 Where the customer is a legal person (other than a partnership), the finance company shall, apart from identifying the customer, also identify the directors and any other natural persons having executive authority in the legal person.
- 6.9 Where the customer is a partnership, the finance company shall, apart from identifying the customer, also identify the partners and managers<sup>2</sup>.

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<sup>2</sup> In the case of limited liability partnerships and limited partnerships.

6.10 Where the customer is a legal arrangement, the finance company shall, apart from identifying the customer, also identify the natural persons having executive authority in that legal arrangement.

(II) Verification of Identity

6.11 A finance company shall verify the identity of the customer, and where the customer is a legal person or legal arrangement, verify the legal form, proof of existence, constitution and powers of the legal person or legal arrangement, using reliable, independent source documents, data or information.

6.12 A finance company shall retain copies of all reference source documents, data or information used to verify the identity of the customer.

(III) Identification and Verification of Identity of Natural Persons Appointed to Act on the Customer's Behalf

6.13 Where the customer appoints one or more natural persons to act on his behalf in establishing business relations with the finance company or the customer is not a natural person, a finance company shall —

- (a) identify the natural persons that act or are appointed to act on behalf of the customer;
- (b) verify the identity of these persons using reliable, independent source documents, data or information; and
- (c) retain copies of all reference source documents, data or information used to verify the identity of these persons.

6.14 A finance company shall verify the due authority of such persons to act on behalf of the customer by obtaining, at least the following:

- (a) the appropriate documentary evidence authorising the appointment of such persons by the customer to act on its behalf, and
- (b) the specimen signatures of the persons appointed.

6.15 Where the customer is a Singapore Government entity, the finance company shall only be required to obtain such information as may be required to confirm that the customer is a Singapore Government entity as asserted.

(IV) Identification and Verification of Identity of Beneficial Owners

- 6.16 Subject to paragraph 6.21, a finance company shall inquire if there exists any beneficial owner in relation to a customer.
- 6.17 Where there is one or more beneficial owner in relation to a customer, the finance company shall identify the beneficial owners and take reasonable measures to verify the identities of the beneficial owners, using the relevant information or data obtained from reliable, independent sources.
- 6.18 Where the customer is not a natural person, the finance company shall understand the nature of the customer's business and its ownership and control structure.
- 6.19 For customers that are legal persons, the finance company shall identify the beneficial owners by —
- (a) identifying the natural persons (whether acting alone or together) who ultimately own the legal person;
  - (b) to the extent that there is doubt under (a) as to whether the natural persons who ultimately own the legal person are the beneficial owners or where no natural persons ultimately own the legal person, identifying the natural persons (if any) who ultimately control the legal person or have ultimate effective control of the legal person; and
  - (c) where no natural persons are identified under (a) or (b) above, identifying the natural persons having executive authority in the legal person, or in equivalent or similar positions.
- 6.20 For customers that are legal arrangements, the finance company shall identify the beneficial owners by —
- (a) for trusts, identifying the settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries, and any natural person exercising ultimate ownership, ultimate control or ultimate effective control over the trust (including through a chain of control/ownership); and
  - (b) for other types of legal arrangements, identifying persons in equivalent or similar positions, as those described under paragraph (a).
- 6.21 A finance company shall not be required to inquire if there exists any beneficial owner in relation to a customer that is —
- (a) a Singapore Government entity;
  - (b) a foreign government entity;

- (c) an entity listed on the Singapore Exchange;
- (d) an entity listed on a stock exchange outside of Singapore that is subject to —
  - (i) regulatory disclosure requirements; and
  - (ii) requirements relating to adequate transparency in respect of its beneficial owners (imposed through stock exchange rules, law or other enforceable means);
- (e) a financial institution set out in Appendix 1;
- (f) a financial institution incorporated or established outside Singapore that is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF; or
- (g) an investment vehicle where the managers are financial institutions —
  - (i) set out in Appendix 1; or
  - (ii) incorporated or established outside Singapore but are subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF,

unless the finance company has doubts about the veracity of the CDD information, or suspects that the customer, business relations with, or transaction for the customer may be connected with money laundering or terrorism financing activities.

6.22 For the purposes of paragraphs 6.21(f) and 6.21(g)(ii), a finance company shall document the basis for its determination that the requirements in those paragraphs have been duly met.

(V) Information on the Purpose and Intended Nature of Business Relations

6.23 A finance company shall understand and obtain from the customer, when processing the application to establish business relations, information as to the purpose and intended nature of business relations.

(VI) Ongoing Monitoring

6.24 A finance company shall monitor on an ongoing basis, its business relations with customers.

6.25 A finance company shall, during the course of business relations with a customer,

observe the conduct of the customer's account and scrutinise transactions undertaken throughout the course of business relations to ensure that the transactions are consistent with the finance company's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

- 6.26 A finance company shall pay special attention to all complex or unusually large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose.
- 6.27 For the purposes of ongoing monitoring, a finance company shall put in place adequate systems and processes, commensurate with the size and complexity of the finance company, to —
- (a) monitor its business relations with customers; and
  - (b) detect and report suspicious, complex or unusually large transactions, or unusual patterns of transactions.
- 6.28 A finance company shall, to the extent possible, inquire into the background and purpose of the transactions in paragraph 6.26 and document its findings with a view to making this information available to the relevant authorities should the need arise.
- 6.29 A finance company shall periodically review the adequacy of existing CDD information obtained in respect of customers, natural persons appointed to act on behalf of the customers, connected parties of the customers and beneficial owners of the customers and ensure that the documents, data or information are relevant and kept up to date, particularly for higher risk categories of customers.
- 6.30 Where there are reasonable grounds for suspicion that existing business relations with a customer are connected with money laundering or terrorism financing, and where the finance company considers it appropriate to retain the customer —
- (a) the finance company shall substantiate the reasons for retaining the customer and shall document them; and
  - (b) the customer's business relations with the finance company shall be subjected to commensurate risk mitigation measures, including enhanced ongoing monitoring.
- 6.31 Where the finance company assesses the customer or the business relations with the customer referred to in paragraph 6.30 to be of high risk, the finance company shall conduct enhanced CDD, which shall include obtaining the approval of the finance company's senior management to retain the customer.

### **Non-Face-to-Face Verification**



- 6.32 A finance company shall put in place policies and procedures to address any specific risks associated with non-face-to-face business relations with a customer or transactions for a customer.
- 6.33 A finance company shall implement the policies and procedures referred to in paragraph 6.32 when establishing business relations with a customer and when conducting ongoing due diligence.
- 6.34 Where there is no face-to-face contact, the finance company shall carry out CDD measures that are as stringent as those that would be required to be performed if there were face-to-face contact.

#### **Reliance by Acquiring Finance Company on Identification and Verification Already Performed**

- 6.35 When a finance company (“acquiring finance company”) acquires, either in whole or in part, the business of another financial institution (whether in Singapore or elsewhere), the acquiring finance company shall perform CDD measures on the customers acquired with the business at the time of acquisition except where the acquiring finance company has —
- (a) acquired at the same time all corresponding customer records (including CDD information) and has no doubt or concerns about the veracity or adequacy of the information so acquired; and
  - (b) conducted due diligence enquiries that have not raised any doubt on the part of the acquiring finance company as to the adequacy of AML/CFT measures previously adopted in relation to the business or part thereof now acquired by the acquiring finance company.

#### **CDD Measures for Non-Account Holders**

- 6.36 A finance company that undertakes any transaction of a value exceeding S\$20,000, or effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who does not otherwise have business relations with the finance company shall —
- (a) identify and verify the identity of the customer as if the customer had applied to the finance company to establish business relations; and
  - (b) record adequate details of the transaction so as to permit the reconstruction of the transaction, including the nature and date of the transaction, the type and amount of currency involved, the value date, and the details of the payee or

beneficiary.

### **Timing for Verification**

- 6.37 Subject to paragraphs 6.38 and 6.39 of this Notice, a finance company shall complete verification of the identity of the customer including as required by paragraph 6.11, natural persons appointed to act on behalf of a customer and beneficial owners of the customer —
- (a) before the finance company establishes business relations with a customer; or
  - (b) before the finance company undertakes any transaction of a value exceeding S\$20,000 for a customer, where the customer does not have business relations with the finance company.
- 6.38 A finance company may establish business relations with a customer before completing the verification of the identity of the customer, including as required by paragraph 6.11, natural persons appointed to act on behalf of a customer and beneficial owners of a customer if —
- (a) the deferral of completion of the verification is essential in order not to interrupt the normal conduct of business operations; and
  - (b) the risks of money laundering and terrorism financing can be effectively managed by the finance company.
- 6.39 Where the finance company establishes business relations with a customer before verifying the identity of the customer (including as required by paragraph 6.11), natural persons appointed to act on behalf of a customer, and beneficial owners of a customer, the finance company shall adopt internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification and complete such verification as soon as is reasonably practicable.

### **Where CDD Measures are Not Completed**

- 6.40 For the purposes of paragraph 6.41, a reference to the completion of CDD measures is a reference to the situation when the finance company has obtained, screened and verified all necessary CDD information under paragraphs 6, 7 and 8 of this Notice, and where the finance company has received satisfactory responses to all inquiries in relation to such necessary CDD information.
- 6.41 Where the finance company is unable to complete CDD measures, it shall not commence or continue business relations with any customer, or undertake any transaction for any customer. The finance company shall consider if the circumstances

are suspicious so as to warrant the filing of an STR.

### **Joint Account**

- 6.42 In the case of a joint account, a finance company shall perform CDD measures on all of the joint account holders as if each of them were individually customers of the finance company.

### **Existing Customers**

- 6.43 A finance company shall apply CDD measures to its existing customers based on its own assessment of materiality and risk, taking into account any CDD measures previously applied to such existing customers, when such CDD measures were last applied, and the adequacy of data or information obtained.

### **Customer Screening**

- 6.44 A finance company shall screen a customer, natural persons appointed to act on behalf of a customer, connected parties of a customer and beneficial owners of a customer against relevant money laundering and terrorism financing information sources, as well as lists and information provided by the Authority and any relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks in relation to the customer.

- 6.45 A finance company shall screen the persons referred to in paragraph 6.44 —
- (a) when, or as soon as reasonably practicable after, the finance company establishes business relations with the customer;
  - (b) when the finance company undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the finance company;
  - (c) when the finance company effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for a customer who has not otherwise established business relations with the finance company;
  - (d) on a periodic basis after the finance company establishes business relations with the customer; and
  - (e) when there are any changes or updates to —
    - (i) the lists and information provided by the Authority and any relevant authorities in Singapore to the finance company; or

- (ii) natural persons appointed to act on behalf of a customer, connected parties or beneficial owners of a customer.

6.46 A finance company shall screen all wire transfer originators and wire transfer beneficiaries as defined in paragraph 11 of this Notice, against lists and information provided by the Authority and any relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks in relation to the customer.

6.47 The results of screening and assessment by the finance company shall be documented.

## **7 SIMPLIFIED CUSTOMER DUE DILIGENCE**

7.1 Subject to paragraph 7.4, a finance company may perform such simplified CDD measures as it considers adequate to effectively identify and verify the identity of a customer, any natural person appointed to act on behalf of a customer, any connected party of a customer and any beneficial owner of a customer, if it is satisfied that the risks of money laundering and terrorism financing are low.

7.2 The assessment of low risks shall be supported by an adequate analysis of risks by the finance company, taking into account any information that may be provided by the Authority, and other relevant authorities in Singapore.

7.3 The simplified CDD measures shall be commensurate with the level of risk, based on the risk factors identified by the finance company.

7.4 No finance company shall perform simplified CDD measures in the following circumstances:

- (a) where the customers are from or in countries and jurisdictions identified by the FATF as higher risk countries or jurisdictions;
- (b) where the customers are from or in countries and jurisdictions known to have inadequate AML/CFT measures, as determined by the finance company for itself or notified to finance companies generally by the Authority or by other foreign regulatory authorities; or
- (c) where the finance company suspects that money laundering or terrorism financing is involved.

7.5 Subject to paragraphs 7.2 and 7.3, a finance company may perform simplified CDD measures in relation to a customer that is a financial institution set out in Appendix 2.

7.6 Where the finance company performs simplified CDD measures in relation to a

customer, any natural person appointed to act on behalf of a customer, any connected party of a customer and any beneficial owner of a customer, it shall document —

- (a) the details of its risk assessment; and
- (b) the nature of the simplified CDD measures.

## **8 ENHANCED CUSTOMER DUE DILIGENCE**

### **Politically Exposed Persons**

8.1 For the purposes of paragraph 8 —

“close associate” means a natural person who is closely connected to a politically exposed person, either socially or professionally;

“domestic politically exposed person” means a natural person who is or has been entrusted domestically with prominent public functions;

“family member” means a natural person who is related to a politically exposed person directly or is married to the politically exposed person;

“foreign politically exposed person” means a natural person who is or has been entrusted with prominent public functions by a foreign country;

“international organisation” means an entity established by formal political agreements between member countries that have the status of international treaties, whose existence is recognised by law in member countries and who is not treated as a resident institutional unit of the country in which it is located;

“international organisation politically exposed person” means a natural person who is or has been entrusted with prominent public function by an international organisation;

“politically exposed person” means a domestic politically exposed person, foreign politically exposed person or international organisation politically exposed person; and

“prominent public functions” includes the roles held by a head of state, a head of government, government ministers, senior civil or public servants, senior judicial or military officials, senior executives of state owned corporations, senior political party officials, members of the legislature and senior management of international organisations.

8.2 A finance company shall, in addition to performing CDD measures specified in

paragraph 6, perform enhanced CDD measures in relation to politically exposed persons, legal persons or legal arrangements owned or controlled by politically exposed persons, including but not limited to the following:

- (a) implement appropriate internal risk management systems, policies, procedures and controls to determine if a customer, any natural person appointed to act on behalf of a customer, any connected party of a customer or any beneficial owner of a customer is a politically exposed person;
- (b) obtain approval from the finance company's senior management to establish or continue business relations with a customer where the customer, any natural person appointed to act on behalf of a customer, any connected party of a customer or any beneficial owner of a customer is a politically exposed person or subsequently becomes a politically exposed person;
- (c) establish, by appropriate and reasonable means, the source of wealth and source of funds of the customer or any beneficial owner of a customer; and
- (d) conduct, during the course of business relations with, or when undertaking transactions for a customer, enhanced monitoring of the business relations with the customer.

8.3 The finance company shall ensure that the enhanced CDD requirements for a politically exposed person in paragraph 8.2 shall also apply to family members and close associates of such a politically exposed person.

8.4 A finance company may adopt a risk-based approach in determining whether to perform enhanced CDD or the extent of enhanced CDD to be performed for —

- (a) domestic politically exposed persons, their family members and close associates;
- (b) international organisation politically exposed persons, their family members and close associates; or
- (c) politically exposed persons who have stepped down from their prominent public functions, taking into consideration the level of influence such persons may continue to exercise after stepping down from their prominent public functions, their family members and close associates,

except in cases where their business relations or transactions with the finance company present a higher risk for money laundering or terrorism financing.

### **Other High Risk Categories**

8.5 A finance company shall perform the appropriate enhanced CDD measures in paragraph 8.2 for such other categories of customers, business relations or transactions as the finance company may assess or is notified by the Authority or other relevant authorities in Singapore, to present a higher risk for money laundering and terrorism financing. In particular, the finance company shall increase the degree and nature of monitoring of the business relations with and transactions for the customer, in order to determine whether they appear unusual or suspicious.

8.6 A finance company shall give particular attention to business relations with and transactions for any customer and any beneficial owner of a customer from or in countries and jurisdictions —

- (a) identified by the FATF as higher risk countries or jurisdictions; or
- (b) known to have inadequate AML/CFT measures, as determined by the finance company for itself or notified to finance companies generally by the Authority or other foreign regulatory authorities,

and shall perform enhanced CDD measures that are commensurate to the risks identified for the business relations and transactions.

8.7 A finance company shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the finance company or notified to it by the Authority or other relevant authorities in Singapore, ensure that the enhanced CDD measures take into account the requirements of any laws, regulations or directions administered by the Authority, including but not limited to the regulations or directions issued by the Authority under section 27A of the Monetary Authority of Singapore Act (Cap. 186).

## **9 PERFORMANCE OF CDD MEASURES BY THIRD PARTIES**

9.1 For the purposes of paragraph 9, “third party” means —

- (a) a financial institution set out in Appendix 2;
- (b) a financial institution which is subject to and supervised by a foreign authority for compliance with AML/CFT requirements consistent with standards set by the FATF (other than a holder of a money-changer’s licence or a holder of a remittance licence, or equivalent licences);
- (c) in relation to a finance company incorporated in Singapore, its branches, subsidiaries, parent company and other related corporations; or

- (d) in relation to a finance company incorporated outside Singapore, its parent company, the branches and subsidiaries of the parent company, and other related corporations.

9.2 Subject to paragraph 9.3, a finance company may rely on a third party to perform the CDD measures in paragraph 6 of this Notice if the following requirements are met:

- (a) the finance company is satisfied that the third party it intends to rely upon is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF, and has adequate measures in place to comply with those requirements;
- (b) the finance company takes appropriate steps to identify, assess and understand the money laundering and terrorism financing risks particular to the countries or jurisdictions that the third party operates in;
- (c) the third party is not one which finance companies have been specifically precluded by the Authority from relying upon; and
- (d) the third party is able and willing to provide, without delay, upon the finance company's request, any document obtained by the third party with respect to the CDD measures applied on the finance company's customer, which the finance company would be required or would want to obtain.

9.3 No finance company shall rely on a third party to conduct ongoing monitoring of business relations with customers.

9.4 Where a finance company relies on a third party to perform the CDD measures, it shall —

- (a) document the basis for its satisfaction that the requirements in paragraph 9.2(a) and (b) have been met, except where the third party is a financial institution set out in Appendix 2; and
- (b) immediately obtain from the third party the CDD information which the third party had obtained.

9.5 For the avoidance of doubt, notwithstanding the reliance upon a third party, the finance company shall remain responsible for its AML/CFT obligations in this Notice.

## **10 CORRESPONDENT BANKING**

10.1 Paragraph 10 applies to a finance company when it provides correspondent banking or



other similar services in Singapore to a financial institution that is operating outside Singapore.

10.2 For the purposes of paragraph 10 —

“correspondent bank” means the finance company in Singapore that provides or intends to provide correspondent banking or other similar services in Singapore;

“correspondent banking” means the provision of banking services by a correspondent bank to a respondent bank;

“payable-through account” means an account maintained at the correspondent bank by the respondent bank but which is accessible directly by a third party to effect transactions on its own behalf;

“respondent bank” means the bank or financial institution, outside Singapore to whom correspondent banking or other similar services in Singapore are provided;

“shell bank” means a bank or financial institution incorporated, formed or established in a country or jurisdiction where the bank or financial institution has no physical presence and which is unaffiliated with a financial group that is subject to effective consolidated supervision; and

“similar services” include services undertaken for securities transactions or funds transfers, for the financial institution that is operating outside Singapore, whether as principal or for its customers.

10.3 A finance company in Singapore shall perform the following measures when providing correspondent banking or other similar services:

- (a) assess the suitability of the respondent bank by taking the following steps:
  - (i) gather adequate information about the respondent bank to understand fully the nature of the respondent bank’s business, including making appropriate inquiries on its management, its major business activities and the countries or jurisdictions in which it operates;
  - (ii) determine from any available sources the reputation of the respondent bank and the quality of supervision over the respondent bank, including whether it has been the subject of money laundering or terrorism financing investigation or regulatory action; and
  - (iii) assess the respondent bank’s AML/CFT controls and ascertain that they are adequate and effective, having regard to the AML/CFT measures of the country or jurisdiction in which the respondent bank operates;

- (b) clearly understand and document the respective AML/CFT responsibilities of each bank; and
  - (c) obtain approval from the finance company's senior management to provide new correspondent banking or similar services.
- 10.4 Where the correspondent banking or other similar services involve a payable-through account, the correspondent bank shall be satisfied that —
- (a) the respondent bank has performed appropriate CDD measures at least equivalent to those specified in paragraph 6 on the third party having direct access to the payable-through account; and
  - (b) the respondent bank is able to perform ongoing monitoring of its business relations with that third party and is willing and able to provide CDD information to the correspondent bank upon request.
- 10.5 The correspondent bank shall document the basis for its satisfaction that the requirements in paragraphs 10.3 and 10.4 are met.
- 10.6 No finance company shall enter into or continue correspondent banking or other similar relations with another bank or financial institution that does not have adequate controls against criminal activities or that is not effectively supervised by the relevant authorities, or a shell bank.
- 10.7 A finance company shall also take appropriate measures when establishing correspondent banking or other similar relations, to satisfy itself that its respondent banks do not permit their accounts to be used by shell banks.

## **11 WIRE TRANSFERS**

- 11.1 Paragraph 11 shall apply to a finance company when it effects the sending of funds by wire transfer or when it receives funds (including serial payments and cover payments) by wire transfer on the account of the wire transfer originator or the wire transfer beneficiary but shall not apply to a transfer and settlement between the finance company and another financial institution where the finance company and the other financial institution are acting on their own behalf as the wire transfer originator and the wire transfer beneficiary.
- 11.2 For the purposes of paragraph 11 —

“batch transfer” is a transfer comprised of a number of individual wire transfers that are

sent by a wire transfer originator to the same financial institutions, irrespective of whether the individual wire transfers are intended ultimately for one or more wire transfer beneficiaries;

“beneficiary institution” means the financial institution that receives the wire transfer from the ordering financial institution, directly or through an intermediary financial institution, and makes the funds available to the wire transfer beneficiary;

“cover payment” refers to a wire transfer that combines a payment message sent directly by the ordering institution to the beneficiary institution with the routing of the funding instruction from the ordering institution to the beneficiary institution through one or more intermediary institutions;

“cross-border wire transfer” means a wire transfer where the ordering institution and the beneficiary institution are located in different countries or jurisdictions and includes any chain of wire transfer in which at least one of the financial institutions involved is located in a different country or jurisdiction;

“customer identification number” means a number which uniquely identifies the wire transfer originator to the ordering institution and which is a different number from the unique transaction reference number;

“domestic wire transfer” means a wire transfer where the ordering institution and beneficiary institution are located in the same country or jurisdiction and also refers to any chain of wire transfer that takes place entirely within a country, even though the system used to transfer the payment message may be located in another country or jurisdiction;

“intermediary institution” means the financial institution in a serial payment or cover payment chain that receives and transmits a wire transfer on behalf of the ordering institution and the beneficiary institution, or another intermediary institution;

“ordering institution” means the financial institution that initiates the wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the wire transfer originator;

“serial payment” refers to a direct sequential chain of payment where the wire transfer and accompanying payment message travel together from the ordering institution to the beneficiary institution, directly or through one or more intermediary institutions;

“straight-through processing” means payment transactions that are conducted electronically without the need for manual intervention;

“unique transaction reference number” refers to a combination of letters, numbers or

symbols, determined by the payment service provider, in accordance with the protocols of the payment and settlement system or messaging system used for the wire transfer;

“wire transfer” refers to any transaction carried out on behalf of a wire transfer originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary person at a beneficiary financial institution, irrespective of whether the originator and the beneficiary are the same person;

“wire transfer beneficiary” means the natural person, legal person or legal arrangement who is identified by the wire transfer originator as the receiver of the wire transfer funds; and

“wire transfer originator” means the account holder who allows the wire transfer from that account, or where there is no account, the natural person, legal person or legal arrangement that places the wire transfer order with the ordering financial institution to perform the wire transfer.

## **Responsibility of the Ordering Institution**

### **(I) Identification and Recording of Information**

11.3 Before effecting a wire transfer, every finance company that is an ordering institution shall —

- (a) identify the wire transfer originator and verify his or its identity, as the case may be (if the finance company has not already done so by virtue of paragraph 6); and
- (b) record adequate details of the wire transfer so as to permit its reconstruction, including but not limited to, the date of the wire transfer, the type and amount of currency transferred and the value date.

### **(II) Cross-Border Wire Transfers Below or Equal To S\$1,500**

11.4 In a cross-border wire transfer where the amount to be transferred is below or equal to S\$1,500, every finance company which is an ordering institution shall include in the message or payment instruction that accompanies or relates to the wire transfer the following:

- (a) the name of the wire transfer originator;
- (b) the wire transfer originator’s account number (or unique transaction reference number assigned by the ordering institution where no account number exists);

- (c) the name of the wire transfer beneficiary; and
- (d) the wire transfer beneficiary's account number (or unique transaction reference number assigned by the ordering institution where no account number exists).

(III) Cross-border Wire Transfers Exceeding S\$1,500

11.5 For the purposes of paragraphs 11.6 and 11.8, the customer identification number refers to a record held by the ordering institution which contains at least one of the following:

- (a) the customer's existing residential address, registered or business address (as may be appropriate, and if different, principal place of business);
- (b) a unique identification number for the customer (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number); or
- (c) the date and place of birth, incorporation or registration of the customer (as may be appropriate).

11.6 In a cross-border wire transfer where the amount to be transferred exceeds S\$1,500, every finance company which is an ordering institution shall include in the message or payment instruction that accompanies or relates to the wire transfer the information required by paragraphs 11.4(a) to 11.4(d) of this Notice and any of the following:

- (a) the wire transfer originator's existing residential address, registered or business address (as may be appropriate, and if different, principal place of business);
- (b) the wire transfer originator's unique identification number (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number);
- (c) the date and place of birth, incorporation or registration of the customer (as may be appropriate); or
- (d) the customer identification number.

11.7 Where several individual cross-border wire transfers from a single wire transfer originator are bundled in a batch file for transmission to wire transfer beneficiaries, a finance company which is an ordering institution shall be exempted from the requirements of paragraph 11.5 in respect of originator information, provided that —

- (a) the batch transfer includes the wire transfer originator's account number or unique transaction reference number; and
- (b) the batch transfer file contains the —
  - (i) wire transfer originator information required by paragraph 11.6 of this Notice and which has been verified, and
  - (ii) wire transfer beneficiary information required by paragraph 11.6 of this Notice and which is fully traceable within the beneficiary country.

(III) Domestic Wire Transfers

11.8 In a domestic wire transfer, every finance company that is an ordering institution shall either —

- (a) include in the message or payment instruction that accompanies or relates to the wire transfer the following:
  - (i) the name of the wire transfer originator;
  - (ii) the wire transfer originator's account number (or unique transaction reference number assigned by the ordering institution where no account number exists); and
  - (iii) any of the following:
    - (A) the wire transfer originator's existing residential address, registered or business address (as may be appropriate, and if different, principal place of business);
    - (B) the wire transfer originator's unique national identification number (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number);
    - (C) the date and place of birth, incorporation or registration of the customer (as may be appropriate); or
    - (D) the customer identification number; or
- (b) include only the wire transfer originator's account number (or unique transaction reference number where no account number exists), provided —

- (i) that these details will permit the transaction to be traced back to the wire transfer originator or wire transfer beneficiary;
- (ii) the ordering institution is in a position to make the remaining wire transfer originator information listed in paragraph 11.8(a) available within 3 working days of a request being made by the beneficiary institution or by the Authority or relevant authorities; and
- (iii) the ordering institution is in a position to make the remaining wire transfer originator information listed in paragraph 11.8(a) available immediately upon request by law enforcement authorities.

11.9 All wire transfer originator and beneficiary information collected by the ordering institution shall be documented.

11.10 Where the finance company is unable to comply with the requirements in paragraphs 11.3 to 11.8 or where there is any suspicion of money laundering or terrorism financing, the ordering institution shall not execute the wire transfer.

#### **Responsibility of the Beneficiary Institution**

11.11 A finance company that is a beneficiary institution shall take reasonable measures, including post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers that lack the required wire transfer originator or required wire transfer beneficiary information.

11.12 For cross-border wire transfers, a beneficiary institution shall identify and verify the identity of the wire transfer beneficiary if the identity has not been previously verified.

11.13 A finance company that is a beneficiary institution shall implement appropriate internal risk-based policies, procedures and controls for determining —

- (a) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and
- (b) the appropriate follow-up action.

#### **Responsibility of Intermediary Institution**

11.14 A finance company that is an intermediary institution shall retain all the required wire transfer originator and wire transfer beneficiary information accompanying the wire transfer.

11.15 Where technical limitations prevent the required wire transfer originator or wire transfer

beneficiary information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer, a record shall be kept, for at least five years, by the receiving intermediary institution of all the information received from the ordering institution or another intermediary institution.

- 11.16 An intermediary institution shall take reasonable measures, which are consistent with straight-through processing, to identify cross-border wire transfers that lack the required wire transfer originator or wire transfer beneficiary information.
- 11.17 An intermediary institution shall implement appropriate internal risk-based policies, procedures and controls for determining —
- (a) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and
  - (b) the appropriate follow-up action.

## **12 RECORD KEEPING**

- 12.1 A finance company shall prepare, maintain and retain documentation on all its business relations with and transactions for its customers such that —
- (a) all requirements imposed by law (including this Notice) are met;
  - (b) any individual transaction undertaken by the finance company can be reconstructed (including the amounts and types of currency involved) so as to provide, if necessary, evidence for prosecution of criminal activity;
  - (c) the Authority or other relevant authorities in Singapore and the internal and external auditors of the finance company are able to review the finance company 's business relations, transactions, records and CDD information and assess the level of compliance with this Notice; and
  - (d) the finance company can satisfy, within a reasonable time or any more specific time period imposed by law or by the requesting authority, any enquiry or order from the relevant authorities in Singapore for information.
- 12.2 Subject to paragraph 12.4 and any other requirements imposed by law, a finance company shall, when setting its record retention policies, comply with the following document retention periods:
- (a) for CDD information (including the results of screening and the finance company's assessment of the results), and other documents relating to the



business relations, wire transfers and transactions undertaken without an account being opened, as well as account files, business correspondence and results of any analysis undertaken, a period of at least 5 years following the termination of such business relations or completion of such wire transfers or transactions; and

- (b) for records relating to a transaction, including any information needed to explain and reconstruct the transaction, a period of at least 5 years following the completion of the transaction.

12.3 A finance company may retain documents, data and information as originals or copies, in paper or electronic form or on microfilm, provided that they are admissible as evidence in a Singapore court of law.

12.4 A finance company shall retain records of documentation, data and information on all its business relations with or transactions for a customer pertaining to a matter which is under investigation or which has been the subject of an STR, in accordance with any request or order from STRO or from other relevant authorities in Singapore.

### **13 PERSONAL DATA**

13.1 For the purposes of paragraph 13, “individual” means a natural person, whether living or deceased.

13.2 Subject to paragraph 13.3 and for the purposes of complying with this Notice, a finance company shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with —

- (a) any access to personal data about the individual that is in the possession or under the control of the finance company;
- (b) any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the finance company; and
- (c) any right to correct an error or omission of the personal data about the individual that is in the possession of or under the control of the finance company.

13.3 A finance company shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to —

- (a) access the following types of personal data of that individual, that is in the possession or under the control of the finance company:
  - (i) his full name, including any alias;
  - (ii) his unique identification number (such as an identity card number, birth certificate number or passport number);
  - (iii) his existing residential address and contact telephone number(s);
  - (iv) his date of birth;
  - (v) his nationality;
  - (vi) subject to section 21(2) and (3) read with the Fifth Schedule to the Personal Data Protection Act 2012 (Act 26 of 2012), any other personal data of the respective individual provided by that individual to the finance company; and
- (b) subject to section 22(7) and the Sixth Schedule to the Personal Data Protection Act, correct an error or omission in relation to the types of personal data set out in paragraphs (a)(i) to (vi), provided the finance company is satisfied that there are reasonable grounds for such request.

13.4 For the purposes of complying with this Notice, a finance company may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, without the respective individual's consent.

## **14 SUSPICIOUS TRANSACTIONS REPORTING**

14.1 A finance company shall keep in mind the provisions in the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A)<sup>3</sup> and in the Terrorism (Suppression of Financing) Act (Cap. 325) that provide for the reporting to the authorities of transactions suspected of being connected with money laundering or terrorism financing and implement appropriate internal policies, procedures and controls for meeting its obligations under the law, including the following:

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<sup>3</sup> Please note in particular section 48 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act on tipping-off.

- (a) establish a single reference point within the organisation to whom all employees are instructed to promptly refer all transactions suspected of being connected with money laundering or terrorism financing, for possible referral to STRO via STRs; and
  - (b) keep records of all transactions referred to STRO, together with all internal findings and analysis done in relation to them.
- 14.2 A finance company shall promptly submit reports on suspicious transactions (including attempted transactions), regardless of the amount of the transaction, to STRO, and extend a copy to the Authority for information.
- 14.3 A finance company shall consider if the circumstances are suspicious so as to warrant the filing of an STR and document the basis for its determination where —
  - (a) the finance company is for any reason unable to complete CDD measures; or
  - (b) the customer is reluctant, unable or unwilling to provide any information requested by the finance company, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

## **15 INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING**

- 15.1 A finance company shall develop and implement adequate internal policies, procedures and controls, taking into consideration its money laundering and terrorism financing risks and the size of its business, to help prevent money laundering and terrorism financing and communicate these to its employees.
- 15.2 The policies, procedures and controls shall include, amongst other things, CDD measures, record retention, the detection of unusual and/or suspicious transactions and the obligation to make STRs.

### **Group Policy**

- 15.3 For the purposes of paragraph 15.4 to 15.9, a reference to finance company shall mean a finance company incorporated in Singapore.
- 15.4 A finance company shall develop a group policy on AML/CFT to meet all requirements of this Notice and extend this to all of its branches and subsidiaries in its financial group, including those outside Singapore.
- 15.5 Where a finance company has a branch or subsidiary in a host country or jurisdiction —

- (a) identified by the FATF as a higher risk country or jurisdiction; or
- (b) known to have inadequate AML/CFT measures, as determined by the finance company for itself or notified to finance companies generally by the Authority or by any other foreign regulatory authority,

the finance company shall ensure that its group policy on AML/CFT is strictly observed by the management of that branch or subsidiary.

- 15.6 Subject to the finance company putting in place adequate safeguards to protect the confidentiality and use of any information that is shared, as may be required by the law of the country or jurisdiction, the finance company shall develop and implement group policies and procedures for its branches and subsidiaries within the financial group to share information required for the purposes of CDD, and for money laundering and terrorism financing risk management.
- 15.7 Such policies and procedures shall include the provision, at the finance company's group-level compliance, audit, and AML/CFT functions, of customer, account, and transaction information from its branches and subsidiaries within the financial group, when necessary for money laundering and terrorism financing risk management purposes.
- 15.8 Where the AML/CFT requirements in the host country or jurisdiction differ from those in Singapore, the finance company shall require that the overseas branch or subsidiary apply the higher of the two standards, to the extent that the law of the host country or jurisdiction so permits.
- 15.9 Where the law of the host country or jurisdiction conflicts with Singapore law such that the overseas branch or subsidiary is unable to fully observe the higher standard, the finance company's head office shall apply additional appropriate measures to manage the money laundering and terrorism financing risks, report this to the Authority and comply with such further directions as may be given by the Authority.

## **Compliance**

- 15.10 A finance company shall develop appropriate compliance management arrangements, including at least, the appointment of a management level officer as the AML/CFT compliance officer.
- 15.11 A finance company shall ensure that the AML/CFT compliance officer, as well as any other persons appointed to assist him, has adequate resources and timely access to all customer records and other relevant information which they require to discharge their functions.

## **Audit**

- 15.12 A finance company shall maintain an audit function that is adequately resourced and independent, and which will be able to regularly assess the effectiveness of the finance company's internal policies, procedures and controls, and its compliance with regulatory requirements.

## **Employee Hiring**

- 15.13 A finance company shall have in place screening procedures to ensure high standards when hiring employees and appointing officers<sup>4</sup>.

## **Training**

- 15.14 A finance company shall take all appropriate steps to ensure that its employees and officers (whether in Singapore or elsewhere) are suitably qualified, and regularly and appropriately trained on —
- (a) AML/CFT laws and regulations, and in particular, CDD measures, detecting and reporting of suspicious transactions;
  - (b) prevailing techniques, methods and trends in money laundering and terrorism financing; and
  - (c) the finance company's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of employees and officers in combating money laundering and terrorism financing.

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<sup>4</sup> "Officer" –

- (a) in relation to a licensee that is a legal person (other than a partnership), means any director or any member of the committee of management of the legal person;
- (b) in relation to a licensee that is a partnership, means any partner or manager; and
- (c) in relation to a licensee that is a legal arrangement, means any member of the committee of management of the legal arrangement, where applicable.

## Endnotes on History of Amendments

1. MAS Notice 824 dated 2 July 2007 with effect from 2 July 2007.
  - (a) MAS Notice 824 (Amendment) 2009 with effect from 3 July 2009.
  - (b) MAS Notice 824 (Amendment) 2009 with effect from 2 December 2009.
  - (c) MAS Notice 824 (Amendment) 2013 with effect from 23 January 2013.
  - (d) MAS Notice 824 (Amendment) 2014 with effect from 1 July 2014.
2. MAS Notice 824 dated 2 July 2007 cancelled with effect from (xxxx).
3. MAS Notice 824 dated (xxxx) with effect from (xxxx).

**Appendix 1** —

1. Financial institutions that are licensed, approved, registered (including a fund management company registered under paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10)) or regulated by the Authority but do not include —
  - (a) holders of stored value facilities, as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A); and
  - (b) a person (other than a person referred to in paragraphs 2 and 3) who is exempted from licensing, approval or regulation by the Authority under any Act administered by the Authority, including a private trust company exempted from licensing under section 15 of the Trust Companies Act (Cap. 336) read with regulation 4 of the Trust Companies (Exemption) Regulations (Rg. 1);
2. Persons exempted under section 23(1)(f) of the Financial Advisers Act (Cap. 110) read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg. 2); and
3. Persons exempted under section 99(1)(h) of the Securities and Futures Act (Cap. 289) read with paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations.

## **Appendix 2** —

1. Banks in Singapore licensed under section 7 of the Banking Act (Cap.19);
2. Merchant banks approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
3. Finance companies licensed under section 6 of the Finance Companies Act (Cap. 108);
4. Financial advisers licensed under section 6 of the Financial Advisers Act (Cap. 110) except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product;
5. Holders of a capital markets services licence under section 82 of the Securities and Futures Act (Cap. 289);
6. Fund management companies registered under paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10);
7. Persons exempted under section 23(1)(f) of the Financial Advisers Act read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg. 2) except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product;
8. Persons exempted under section 99(1)(h) of the Securities and Futures Act read with paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations;
9. Approved trustees approved under section 289 of the Securities and Futures Act;
10. Trust companies licensed under section 5 of the Trust Companies Act (Cap. 336);
11. Direct life insurers licensed under section 8 of the Insurance Act (Cap. 142); and
12. Insurance brokers registered under the Insurance Act which, by virtue of such registration, are exempted under section 23(1)(c) of the Financial Advisers Act except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.



## 4 DRAFT MAS NOTICE 824 (TRACKED CHANGES)

MAS Notice 824

~~2 July 2007~~

Last revised on 1 July [ ] 2014

~~(Refer to endnotes for history of amendments)~~

NOTICE TO FINANCE COMPANIES  
MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

### PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM – FINANCE COMPANIES

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#### 1 INTRODUCTION

1.1 This Notice is issued pursuant to section 27B of the Monetary Authority of Singapore Act (Cap. 186) and applies to all finance companies ~~in Singapore,~~ licensed under section 6(1) of the Finance Companies Act (Cap. 108).

1.2 This Notice shall take immediate effect. MAS Notice 824 dated 2 July 2007 is cancelled with effect from [ ].

#### 2 DEFINITIONS

2.1 For the purposes of this Notice —

“AML/CFT” means anti-money laundering and countering the financing of terrorism;

“Authority” means the Monetary Authority of Singapore;

“beneficial owner”, in relation to a customer of a finance company, means the natural person who ultimately owns or controls a customer, or the natural person on whose behalf a transaction is ~~being~~ conducted or business relations are established and includes ~~the~~ any person who exercises ultimate effective control over a ~~body corporate or unincorporate;~~ legal person or legal arrangement;

“business relations” means —

(a) the opening or maintenance of an account by the finance company in the name ~~of a person and;~~

(b) the provision of financial advice by the finance company to; or

(c) the undertaking of ~~transactions~~relationship management by the finance company for ~~that,~~ a person (whether a natural person ~~on that account;~~, legal person or legal arrangement);

~~“company” includes a body corporate formed or established outside Singapore under the law of the country or jurisdiction;~~

“CDD measures” or “customer due diligence measures” means the ~~process of identifying the customer and obtaining information~~measures required by paragraph 46;

“connected party” —

(a) in relation to a legal person (other than a partnership), means any director or any natural person having executive authority in the legal person;

(b) in relation to a legal person that is a partnership, means any partner or manager; and

(c) in relation to a legal arrangement, means any natural person having executive authority in the legal arrangement, where applicable;

“Core Principles” refers to the Core Principles for Effective Banking Supervision issued by the Basel Committee on Banking Supervision, the Objectives and Principles for Securities Regulation issued by the International Organization of Securities Commissions, and the Insurance Core Principles issued by the International Association of Insurance Supervisors;

“customer”, in relation to a finance company, means a person ~~in whose name an account is opened or intended to be opened, or (whether a natural person, legal person or a legal arrangement) —~~

(a) with whom the finance company establishes or intends to establish business relations; or

(b) for whom the finance company undertakes or intends to undertake any transaction without an account being opened;

“FATF” means the Financial Action Task Force;

“finance company” means a finance company licensed under section 6(1) of the Finance Companies Act (Cap. 108);

“financial advice” means a financial advisory service as defined in section 2(1) of the Financial Advisers Act (Cap. 110) or advising on corporate finance as defined in section 2(1) of the Securities and Futures Act (Cap. 289);

“financial group” means a group that consists of a legal person or legal arrangement exercising control and coordinating functions over the rest of the group for the application of group supervision under the Core Principles, and its branches and subsidiaries that are subject to AML/CFT policies and procedures at the group level;

“government entity” means a government of a country or jurisdiction, a ministry within such a government, or an agency specially established by such a government through written law;

“legal person” means an entity other than a natural person that can establish a permanent customer relationship with a financial institution or otherwise own property;

“legal arrangement” means a trust or other similar arrangement;

“partnership” means a partnership, a limited partnership within the meaning of the Limited Partnerships Act (Cap. 163B) or a limited liability partnership within the meaning of the Limited Liability Partnerships Act (Cap. 163A);

“personal data” has the same meaning as defined in section 2(1) of the Personal Data Protection Act 2012 (Act 26 of 2012);

“reasonable measures” means appropriate measures which are commensurate with the money laundering or terrorism financing risks;

“related corporation” has the same meaning as in section 6 of the Companies Act (Cap. 50);

“relationship management” means the managing or servicing by an employee of a finance company of an account with a customer that is opened with the overseas subsidiary, branch, parent or related corporation of the finance company;

“STR” means suspicious transaction report; and

“STRO” means the Suspicious Transactions Reporting Office, Commercial Affairs Department of the Singapore Police Force.

- 2.2 A reference to any threshold or value limit expressed in S\$ shall include a reference to the equivalent amount expressed in any other currency.

~~2.1 A reference to the completion of CDD measures is a reference to the situation when the finance company has received satisfactory responses to all inquiries.~~

~~2.3 Unless~~The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, ~~a reference to a financial institution supervised by the Authority does not include a person who is exempted from licensing, approval or regulation by the Authority.~~have the same meanings as in the Finance Companies Act (Cap. 108).

### **3 UNDERLYING PRINCIPLES**

3.1 This Notice is based on the following principles, which shall serve as a guide for all finance companies in the conduct of their operations and business activities:

(a) A finance company ~~must~~shall exercise due diligence when dealing with customers, persons appointed to act on the customer's behalf and beneficial owners.

(b) A finance company ~~must~~shall conduct its business in conformity with high ethical standards, and guard against ~~establishing any business relations or~~ undertaking any transaction, that is or may be connected with or may facilitate money laundering or ~~terrorist~~terrorism financing.

(c) A finance company ~~should, whenever possible and~~shall, to the fullest extent possible, assist and cooperate with the relevant law enforcement authorities in Singapore ~~in preventing to prevent~~ money laundering and ~~terrorist~~terrorism financing.

## **4 ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH**

### **Risk Assessment**

~~4.1 A finance company shall take appropriate steps to identify, assess and understand, its money laundering and terrorism financing risks in relation to —~~

~~(a) its customers;~~

~~(b) the countries or jurisdictions its customers are from or in;~~

~~(c) the countries or jurisdictions the finance company has operations in; and~~

~~(d) the products, services, transactions and delivery channels of the finance company.~~

4.2 The appropriate steps referred to in paragraph 4.1 shall include —

- (a) documenting the finance company's risk assessments;
- (b) considering all the relevant risk factors before determining the level of overall risk and the appropriate type and extent of mitigation to be applied;
- (c) keeping the risk assessments up to date; and
- (d) having appropriate mechanisms to provide its risk assessment information to the Authority.

### **Risk Mitigation**

4.3 A finance company shall —

- (a) have policies, controls and procedures, which are approved by senior management, to enable it to manage and mitigate effectively the risks that have been identified by the finance company or notified to it by the Authority or other relevant authorities in Singapore;
- (b) monitor the implementation of those policies, controls and procedures and enhance them if necessary;
- (c) take enhanced measures where higher risks are identified, to manage and mitigate those higher risks; and
- (d) ensure that measures or enhanced measures taken to manage and mitigate the identified risks address the risk assessment and guidance from the Authority or relevant authorities in Singapore.

## **5 NEW PRODUCTS, PRACTICES AND TECHNOLOGIES**

5.1 A finance company shall identify and assess the money laundering and terrorism financing risks that may arise in relation to —

- (a) the development of new products and new business practices, including new delivery mechanisms; and
- (b) the use of new or developing technologies for both new and pre-existing products.

5.2 A finance company shall undertake the risk assessments, prior to the launch or use, to the extent permitted by this Notice, of such products, practices and technologies, and shall take appropriate measures to manage and mitigate the risks.

5.3 A finance company shall, in complying with the requirements of paragraphs 5.1 and 5.2, pay special attention to any —

(a) new products and business practices, including new delivery mechanisms; and

(b) new or developing technologies,

that favour anonymity.

## **46 CUSTOMER DUE DILIGENCE (“CDD”)**

### **Anonymous or Fictitious Account**

4.16.1 No finance company shall open or maintain anonymous accounts or accounts in fictitious names.

### **Where There Are Reasonable Grounds for Suspicion on Prospective Customers**

6.2 Where the finance company has reasonable grounds to suspect that the assets or funds of a prospective customer, with whom the finance company intends to establish business relations or for whom the finance company intends to undertake transactions without opening an account, are proceeds of a serious offence as defined in the Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A), or are property related to the facilitation or carrying out of any terrorism financing offence as defined in the Terrorism (Suppression of Financing) Act (Cap. 325), the finance company shall —

(a) not establish business relations or undertake a transaction with the prospective customer; and

(b) file an STR<sup>1</sup>, and extend a copy to the Authority for information.

### **When CDD ~~Measures~~ measures are to be Performed**

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<sup>1</sup> Please note in particular section 48 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act on tipping-off.

4.26.3 A finance company shall perform CDD measures in accordance with this Notice when

- (a) the finance company establishes business relations with any customer;
- (b) the finance company undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the finance company;

(c) the finance company effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who has not otherwise established business relations with the finance company;

(e)(d) there is a suspicion of money laundering or ~~terrorist~~terrorism financing, notwithstanding that the finance company would otherwise not be required by this Notice to perform CDD measures; or

(d)(e) the finance company has doubts about the veracity or adequacy of any information previously obtained.

4.36.4 Where a finance company suspects that two or more transactions are or may be related, linked or the result of a deliberate restructuring of an otherwise single transaction into smaller transactions in order to evade the measures provided for in this Notice, the finance company shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.

#### **CDD Measures where Business Relations are Established**

##### (I) Identification of Customers

4.46.5 A finance company shall identify each customer ~~who applies to the finance company to establish business relations.~~

4.56.6 For the purpose of paragraph 4.36.5, a finance company shall obtain and record information of the customer, including but not limited to the following:

- (a) ~~Full~~full name, including any aliases;
- (b) ~~Unique~~unique identification number (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number);
- (c) ~~Existing~~existing residential address, registered or business address (as may be appropriate, and if different, principal place of business) and contact telephone

number(s);

(d) ~~Date~~date of birth, incorporation or registration (as may be appropriate); and

(e) ~~Nationality~~nationality or place of incorporation or registration (as may be appropriate).

~~4.66.7~~ Where the customer is a ~~company~~legal person or legal arrangement, the finance company shall, apart from identifying the customer, also identify the ~~directors~~legal form, constitution and powers of the ~~company~~legal person or legal arrangement.

~~6.8~~ Where the customer is a legal person (other than a partnership or a limited liability), the finance company shall, apart from identifying the customer, also identify the directors and any other natural persons having executive authority in the legal person.

~~4.76.9~~ Where the customer is a partnership, the finance company shall, apart from identifying the customer, also identify the partners and managers<sup>2</sup>.

~~4.86.10~~ Where the customer is ~~any other body corporate or unincorporate~~a legal arrangement, the finance company shall, apart from identifying the customer, also identify the natural persons having executive authority in that body corporate or unincorporate legal arrangement.

(II) Verification of Identity

~~4.96.11~~ A finance company shall verify the identity of the customer, and where the customer is a legal person or legal arrangement, verify the legal form, proof of existence, constitution and powers of the legal person or legal arrangement, using reliable, independent ~~sources~~source documents, data or information.

~~4.106.12~~ A finance company shall retain copies of all reference source documents, data or information used to verify the identity of the customer.

(III) Identification and Verification of Identity of Natural Persons Appointed to Act on the Customer's Behalf

~~4.116.13~~ Where the customer appoints one or more natural persons to act on his behalf in establishing business relations with the finance company or the customer is not a natural person, a finance company shall —

(a) identify the natural persons that act or are appointed to act on behalf of the customer;

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<sup>2</sup> In the case of limited liability partnerships and limited partnerships.



- (b) verify the identity of these persons using reliable, independent ~~source~~source documents, data or information; and
- (c) retain copies of all reference source documents, data or information used to verify the identity of these persons.

~~4.126.14~~ A finance company shall verify the due authority of such persons to act A finance company shall verify the due authority of such persons to act on behalf of the customer by obtaining, ~~including but not limited to~~ at least the following:

- (a) the appropriate documentary evidence ~~that~~authorising the appointment of such persons by the customer ~~has appointed the persons~~ to act on its behalf, and
- (b) the specimen signatures of the persons appointed.

~~4.136.15~~ Where the customer is a Singapore ~~government~~Government entity, the finance company shall only be required to obtain such information as may be required to confirm that the customer is a Singapore ~~government~~Government entity as asserted.

(IV) Identification and Verification of Identity of Beneficial Owners

~~4.146.16~~ Subject to paragraph ~~4.176.21~~, a finance company shall inquire if there exists any beneficial owner in relation to a customer.

~~4.156.17~~ Where there is one or more beneficial owner in relation to a customer, the finance company shall identify the beneficial owners and take reasonable measures to ~~obtain information sufficient to identify and~~ verify the ~~identity~~identities of the beneficial ~~owner~~owners, using the relevant information or data obtained from reliable, independent sources.

~~4.166.18~~ Where the customer is not a natural person, the finance company shall ~~take reasonable measures to~~ understand the nature of the customer's business and its ownership and control structure ~~of the customer.~~

~~6.19~~ For customers that are legal persons, the finance company shall identify the beneficial owners by —

- (a) identifying the natural persons (whether acting alone or together) who ultimately own the legal person;
- (b) to the extent that there is doubt under (a) as to whether the natural persons who ultimately own the legal person are the beneficial owners or where no natural

persons ultimately own the legal person, identifying the natural persons (if any) who ultimately control the legal person or have ultimate effective control of the legal person; and

(c) where no natural persons are identified under (a) or (b) above, identifying the natural persons having executive authority in the legal person, or in equivalent or similar positions.

6.20 For customers that are legal arrangements, the finance company shall identify the beneficial owners by —

(a) for trusts, identifying the settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries, and any natural person exercising ultimate ownership, ultimate control or ultimate effective control over the trust (including through a chain of control/ownership); and

(b) for other types of legal arrangements, identifying persons in equivalent or similar positions, as those described under paragraph (a).

4.176.21 A finance company shall not be required to inquire if there exists any beneficial owner in relation to a customer that is —

(a) a Singapore ~~government~~Government entity;

(b) a foreign government entity;

(c) an entity listed on the Singapore Exchange;

(d) an entity listed on a stock exchange outside of Singapore that is subject to ~~regulatory disclosure requirements;~~—

~~(a) a financial institution supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence), unless specifically notified by the Authority);~~

(i) regulatory disclosure requirements; and

(ii) requirements relating to adequate transparency in respect of its beneficial owners (imposed through stock exchange rules, law or other enforceable means);

(e) a financial institution set out in Appendix 1;

~~(e)~~(f) a financial institution incorporated or established outside Singapore that is

subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF; or

(f)(g) an investment vehicle where the managers are financial institutions —

(i) supervised by the Authority set out in Appendix 1; or

(ii) incorporated or established outside Singapore, but are subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF,

unless the finance company has doubts about the veracity of the CDD information, or suspects that the customer, business relations with, or transaction is for the customer may be connected with money laundering or terrorist/terrorism financing activities.

4.186.22 For the purposes of paragraphs 4.176.21(f) and 4.176.21(g)(ii), a finance company shall document the basis for its determination that the requirements in those paragraphs have been duly met.

(V) Information on the Purpose and Intended Nature of Business Relations

4.196.23 A finance company shall understand and obtain from the customer, when processing the application to establish business relations, information as to the purpose and intended nature of business relations.

(VI) Ongoing Monitoring

4.206.24 A finance company shall monitor on an ongoing basis, its business relations with customers.

4.216.25 A finance company shall, during the course of business relations with a customer, observe the conduct of the customer's account and scrutinise transactions undertaken throughout the course of business relations to ensure —that the transactions are consistent with the finance company's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

4.226.26 A finance company shall pay special attention to all complex or unusually large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose.

6.27 For the purposes of ongoing monitoring, a finance company shall put in place adequate systems and processes, commensurate with the size and complexity of the finance company, to —

(a) monitor its business relations with customers; and

(b) detect and report suspicious, complex or unusually large transactions, or unusual patterns of transactions.

4.236.28 A finance company shall, to the extent possible, inquire into the background and purpose of the transactions in paragraph 4.226.26 and document its findings with a view to making this information available to the relevant ~~competent~~ authorities should the need arise.

4.246.29 A finance company shall periodically review the adequacy of ~~customer identification~~existing CDD information obtained in respect of customers, natural persons appointed to act on behalf of the customers, connected parties of the customers and beneficial owners of the customers and ensure that the documents, data or information ~~is~~are relevant and kept up ~~to~~-to-date, particularly for higher risk categories of customers.

6.30 Where there are reasonable grounds for suspicion that existing business relations with a customer are connected with money laundering or terrorism financing, and where the finance company considers it appropriate to retain the customer —

(a) the finance company shall substantiate the reasons for retaining the customer and shall document them; and

(b) the customer's business relations with the finance company shall be subjected to commensurate risk mitigation measures, including enhanced ongoing monitoring.

6.31 Where the finance company assesses the customer or the business relations with the customer referred to in paragraph 6.30 to be of high risk, the finance company shall conduct enhanced CDD, which shall include obtaining the approval of the finance company's senior management to retain the customer.

### **Non-Face-to-Face Verification**

4.256.32 A finance company shall put in place policies and procedures to address any specific risks associated with non-face-to-face business ~~relationships~~relations with a customer or transactions ~~for a customer~~.

4.266.33 A finance company shall implement the policies and procedures referred to in paragraph 4.256.32 when establishing business relations with a customer ~~relationships~~ and when conducting ongoing due diligence.

4.276.34 Where there is no face-to-face contact, the finance company shall carry out CDD measures that are as stringent as those that would be required to be performed if

there were face-to-face contact.

### **Reliance by Acquiring Finance Company on Identification and Verification Already Performed**

~~4.286.35~~ When a finance company (“acquiring finance company”) acquires, either in whole or in part, the business of another financial institution (whether in Singapore or elsewhere), the acquiring finance company shall perform CDD measures on the customers acquired with the business at the time of acquisition; except where the ~~\_\_\_\_\_~~ acquiring finance company has —

- (a) acquired at the same time all corresponding customer records (including ~~customer identification~~ CDD information) and has no doubt or concerns about the veracity or adequacy of the information so acquired; and
- (b) conducted due diligence enquiries that have not raised any doubt on the part of the acquiring finance company as to the adequacy of AML/CFT measures previously adopted in relation to the business or part thereof now acquired by the acquiring finance company.

### **CDD Measures for Non-Account Holders**

~~4.296.36~~ A finance company that undertakes any transaction of a value exceeding S\$20,000, or effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who does not otherwise have business relations with the finance company shall —

- (a) ~~establish~~ identify and verify the identity of the customer as if the customer had applied to the finance company to establish business relations; and
- (b) record adequate details of the transaction so as to permit the reconstruction of the transaction, including the nature and date of the transaction, the type and amount of currency involved, the value date, and the details of the payee or beneficiary.

~~4.30~~ ~~Where a finance company suspects that two or more transactions are or may be related, linked or the result of a deliberate restructuring of an otherwise single transaction into smaller transactions in order to evade the measures provided for in this Notice, the finance company shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.~~

### **Timing for Verification**

~~4.316.37~~ Subject to ~~paragraph 4.32~~ paragraphs 6.38 and 6.39 of this Notice, a finance

company shall complete verification of the identity of the customer including as required by paragraph 6.11, natural persons appointed to act on behalf of a customer and beneficial ownerowners of the customer —

- (a) before the finance company establishes business relations with a customer; or
- (b) before the finance company undertakes any transaction of a value exceeding S\$20,000 for a customer, where the customer does not have business relations with the finance company.

4.326.38 A finance company may establish business relations with a customer before completing the verification of the identity of the customer ~~and beneficial owner if,~~ including as required by paragraph 6.11, natural persons appointed to act on behalf of a customer and beneficial owners of a customer if —

- (i) the deferral of completion of the verification ~~of the identity of the customer and beneficial owner~~ is essential in order not to interrupt the normal conduct of business operations; and
- (ii) the risks of money laundering and ~~terrorist~~ terrorism financing can be effectively managed by the finance company.

4.336.39 Where the finance company establishes business relations with a customer before ~~verification of verifying~~ the identity of the customer ~~or beneficial owner~~ (including as required by paragraph 6.11), natural persons appointed to act on behalf of a customer, and beneficial owners of a customer, the finance company shall adopt internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification and complete such verification as soon as is reasonably practicable.

#### **Where CDD Measures are Not Completed**

6.40 For the purposes of paragraph 6.41, a reference to the completion of CDD measures is a reference to the situation when the finance company has obtained, screened and verified all necessary CDD information under paragraphs 6, 7 and 8 of this Notice, and where the finance company has received satisfactory responses to all inquiries in relation to such necessary CDD information.

4.346.41 Where the finance company is unable to complete CDD measures, it shall ~~terminate the business relationship and not commence or continue business relations with any customer, or undertake any transaction for any customer.~~ The finance company shall consider if the circumstances are suspicious so as to warrant the filing of an STR.

## Joint Account

4.356.42 In the case of a joint account, a finance company shall perform CDD measures on all of the joint account holders as if each of them were individually customers of the finance company.

## Existing Customers

4.366.43 A finance company shall ~~perform such~~ apply CDD measures ~~as may be appropriate~~ to its existing customers ~~having regard to~~ based on its own assessment of materiality and risk, taking into account any CDD measures previously applied to such existing customers, when such CDD measures were last applied, and the adequacy of data or information obtained.

## Customer Screening

6.44 A finance company shall screen a customer, natural persons appointed to act on behalf of a customer, connected parties of a customer and beneficial owners of a customer against relevant money laundering and terrorism financing information sources, as well as lists and information provided by the Authority and any relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks in relation to the customer.

6.45 A finance company shall screen the persons referred to in paragraph 6.44 —

- (a) when, or as soon as reasonably practicable after, the finance company establishes business relations with the customer;
- (b) when the finance company undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the finance company;
- (c) when the finance company effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for a customer who has not otherwise established business relations with the finance company;
- (d) on a periodic basis after the finance company establishes business relations with the customer; and
- (e) when there are any changes or updates to —
  - (i) the lists and information provided by the Authority and any relevant authorities in Singapore to the finance company; or

(ii) natural persons appointed to act on behalf of a customer, connected parties or beneficial owners of a customer.

6.46 A finance company shall screen all wire transfer originators and wire transfer beneficiaries as defined in paragraph 11 of this Notice, against lists and information provided by the Authority and any relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks in relation to the customer.

6.47 The results of screening and assessment by the finance company shall be documented.

## 57 SIMPLIFIED CUSTOMER DUE DILIGENCE

5.17.1 Subject to paragraph 5.27.4, a finance company may perform such simplified CDD measures as it considers adequate to effectively identify and verify the identity of ~~the~~ customer, ~~any~~ natural person appointed to act on ~~the customer's~~ behalf of a customer, any connected party of a customer and any beneficial owner of a customer, if it is satisfied that the risks of money laundering and ~~terrorist~~terrorism financing are low.

7.2 The assessment of low risks shall be supported by an adequate analysis of risks by the finance company, taking into account any information that may be provided by the Authority, and other relevant authorities in Singapore.

7.3 The simplified CDD measures shall be commensurate with the level of risk, based on the risk factors identified by the finance company.

5.27.4 No finance company shall perform simplified CDD measures in the following circumstances:

(a) where the customers are from or in countries and jurisdictions identified by the FATF as higher risk countries or jurisdictions;

(a)(b) where the customers are from or in countries and jurisdictions known to have inadequate AML/CFT measures, as determined by the finance company for itself or notified to finance companies generally by the Authority or by other foreign regulatory authorities; or

[MAS Notice 824 (Amendment) 2009]

(b)(c) where the finance company suspects that money laundering or ~~terrorist~~terrorism financing is involved.

[MAS Notice 824 (Amendment) 2009]



~~5.37.5~~ Subject to paragraphs 7.2 and 7.3, a finance company may perform simplified CDD measures in relation to a customer that is a financial institution ~~supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence, unless specifically notified by the Authority)~~ set out in Appendix 2. .

~~5.47.6~~ Where the finance company performs simplified CDD measures in relation to a customer, any natural person appointed to act on behalf of a customer, any connected party of a customer and any beneficial owner of a customer, it shall document —

- (a) the details of its risk assessment; and
- (b) the nature of the simplified CDD measures.

## **~~68~~ ENHANCED CUSTOMER DUE DILIGENCE**

### **Politically Exposed Persons**

~~6.18.1~~ For the purposes of paragraph 8 —

~~3.1~~ — For the purposes of paragraph 6 —

“close associate” means a natural person who is closely connected to a politically exposed person ~~means —, either socially or professionally;~~

“domestic politically exposed person” means a natural person who is or has been entrusted domestically with prominent public functions ~~whether in Singapore or;~~

“family member” means a natural person who is related to a politically exposed person directly or is married to the politically exposed person;

“foreign politically exposed person” means a natural person who is or has been entrusted with prominent public functions by a foreign country;

[MAS Notice 824 (Amendment) 2009]

~~(a) — immediate family members of such a person; or~~

~~— close associates of such a person.~~

“international organisation” means an entity established by formal political agreements between member countries that have the status of international treaties, whose existence is recognised by law in member countries and who is not treated as a resident institutional unit of the country in which it is located;

“international organisation politically exposed person” means a natural person who is or has been entrusted with prominent public function by an international organisation;

“politically exposed person” means a domestic politically exposed person, foreign politically exposed person or international organisation politically exposed person; and

“prominent public functions” includes the roles held by a head of state, a head of government, government ministers, senior civil or public servants, senior judicial or military officials, senior executives of state owned corporations, ~~and~~ senior political party officials, members of the legislature and senior management of international organisations.

6.28.2 A finance company shall, in addition to performing CDD measures specified in paragraph 46, perform enhanced CDD measures in relation to politically exposed persons, legal persons or legal arrangements owned or controlled by politically exposed persons, including but not limited to the following:

- (a) implement appropriate internal risk management systems, policies, procedures and controls to determine if a customer, any natural person appointed to act on behalf of a customer, any connected party of a customer or any beneficial owner of a customer is a politically exposed person;
- (b) obtain approval from the finance company’s senior management to establish or continue business relations, with a customer where the customer, any natural person appointed to act on behalf of a customer, any connected party of a customer or any beneficial owner of a customer is a politically exposed person or subsequently becomes a politically exposed person;
- (c) establish, by appropriate and reasonable means, the source of wealth and source of funds of the customer or any beneficial owner of a customer; and
- (d) conduct, during the course of business relations with, or when undertaking transactions for a customer, enhanced monitoring of the business relations with the customer.

8.3 The finance company shall ensure that the enhanced CDD requirements for a politically exposed person in paragraph 8.2 shall also apply to family members and close associates of such a politically exposed person.

8.4 A finance company may adopt a risk-based approach in determining whether to perform enhanced CDD or the extent of enhanced CDD to be performed for —

- (a) domestic politically exposed persons, their family members and close

associates;

(b) international organisation politically exposed persons, their family members and close associates; or

(c) politically exposed persons who have stepped down from their prominent public functions, taking into consideration the level of influence such persons may continue to exercise after stepping down from their prominent public functions, their family members and close associates,

except in cases where their business relations or transactions with the finance company present a higher risk for money laundering or terrorism financing.

### **Other High Risk Categories**

6.38.5 A finance company shall perform the appropriate enhanced CDD measures in paragraph 68.2 for such other categories of customers, business relations or transactions as the finance company may assess or is notified by the Authority or other relevant authorities in Singapore, to present a higher risk for money laundering and ~~terrorist~~terrorism financing. In particular, the finance company shall increase the degree and nature of monitoring of the business relations with and transactions for the customer, in order to determine whether they appear unusual or suspicious.

8.6 A finance company shall give particular attention to business relations with and transactions ~~with~~for any personcustomer and any beneficial owner of a customer from or in countries and jurisdictions —

(a) identified by the FATF as higher risk countries or jurisdictions; or

(a)(b) known to have inadequate AML/CFT measures, as determined by the finance company for itself or notified to finance companies generally by the Authority or other foreign regulatory authorities.

and shall perform enhanced CDD measures that are commensurate to the risks identified for the business relations and transactions.

8.7 A finance company shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the finance company or notified to it by the Authority or other relevant authorities in Singapore, ensure that the enhanced CDD measures take into account the requirements of any laws, regulations or directions administered by the Authority, including but not limited to the regulations or directions issued by the Authority under section 27A of the Monetary Authority of Singapore Act (Cap. 186).

## 79 PERFORMANCE OF CDD MEASURES BY ~~INTERMEDIARIES~~ THIRD PARTIES

9.1 For the purposes of paragraph 9, “third party” means —

- (a) a financial institution set out in Appendix 2;
- (b) a financial institution which is subject to and supervised by a foreign authority for compliance with AML/CFT requirements consistent with standards set by the FATF (other than a holder of a money-changer's licence or a holder of a remittance licence, or equivalent licences);
- (c) in relation to a finance company incorporated in Singapore, its branches, subsidiaries, parent company and other related corporations; or
- (d) in relation to a finance company incorporated outside Singapore, its parent company, the branches and subsidiaries of the parent company, and other related corporations.

7.19.2 Subject to paragraph 7.29.3, a finance company may rely on ~~an intermediary~~ a third party to perform the CDD measures in paragraph 46 of this Notice if the following requirements are met:

- (a) the finance company is satisfied that the ~~intermediary~~ third party it intends to rely upon is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF, and has adequate measures in place to comply with those requirements;
- (b) ~~the intermediary~~ the finance company takes appropriate steps to identify, assess and understand the money laundering and terrorism financing risks particular to the countries or jurisdictions that the third party operates in;
- ~~(b)~~(c) ~~the third party~~ is not one which finance companies have been specifically precluded by the Authority from relying upon; and
- ~~(c)~~(d) ~~the intermediary~~ third party is able and willing to provide, without delay, upon the finance company's request, any document obtained by the ~~intermediary~~ third party with respect to the CDD measures applied on the finance company's customer, which the finance company would be required or would want to obtain.

[MAS Notice 824 (Amendment) 2009]

7.29.3 No finance company shall rely on ~~an intermediary~~ a third party to conduct ongoing monitoring of business relations with customers.

7.39.4 Where a finance company relies on an intermediary third party to perform the CDD measures, it shall:—

- a. ~~(a)~~—document the basis for its satisfaction that the requirements in paragraph 7.19.2(a) and (b) have been met, except where the intermediary third party is a financial institution supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence); set out in Appendix 2; and

[MAS Notice 824 (Amendment) 2009]

~~(b)~~—

- b. immediately obtain from the intermediary third party the CDD information which the intermediary third party had obtained.

[MAS Notice 824 (Amendment) 2009]

7.49.5 For the avoidance of doubt, notwithstanding the reliance upon an intermediary third party, the finance company shall remain responsible for its AML/CFT obligations in this Notice.

## 10 CORRESPONDENT BANKING

10.1 Paragraph 10 applies to a finance company when it provides correspondent banking or other similar services in Singapore to a financial institution that is operating outside Singapore.

10.2 For the purposes of paragraph 10 —

“correspondent bank” means the finance company in Singapore that provides or intends to provide correspondent banking or other similar services in Singapore;

“correspondent banking” means the provision of banking services by a correspondent bank to a respondent bank;

“payable-through account” means an account maintained at the correspondent bank by the respondent bank but which is accessible directly by a third party to effect transactions on its own behalf;

“respondent bank” means the bank or financial institution, outside Singapore to whom correspondent banking or other similar services in Singapore are provided;

“shell bank” means a bank or financial institution incorporated, formed or established in a country or jurisdiction where the bank or financial institution has no physical presence

and which is unaffiliated with a financial group that is subject to effective consolidated supervision; and

“similar services” include services undertaken for securities transactions or funds transfers, for the financial institution that is operating outside Singapore, whether as principal or for its customers.

10.3 A finance company in Singapore shall perform the following measures when providing correspondent banking or other similar services:

(a) assess the suitability of the respondent bank by taking the following steps:

(i) gather adequate information about the respondent bank to understand fully the nature of the respondent bank’s business, including making appropriate inquiries on its management, its major business activities and the countries or jurisdictions in which it operates;

(ii) determine from any available sources the reputation of the respondent bank and the quality of supervision over the respondent bank, including whether it has been the subject of money laundering or terrorism financing investigation or regulatory action; and

(iii) assess the respondent bank’s AML/CFT controls and ascertain that they are adequate and effective, having regard to the AML/CFT measures of the country or jurisdiction in which the respondent bank operates;

(b) clearly understand and document the respective AML/CFT responsibilities of each bank; and

(c) obtain approval from the finance company’s senior management to provide new correspondent banking or similar services.

10.4 Where the correspondent banking or other similar services involve a payable-through account, the correspondent bank shall be satisfied that—

(a) the respondent bank has performed appropriate CDD measures at least equivalent to those specified in paragraph 6 on the third party having direct access to the payable-through account; and

(b) the respondent bank is able to perform ongoing monitoring of its business relations with that third party and is willing and able to provide CDD information to the correspondent bank upon request.

10.5 The correspondent bank shall document the basis for its satisfaction that the

requirements in paragraphs 10.3 and 10.4 are met.

10.6 No finance company shall enter into or continue correspondent banking or other similar relations with another bank or financial institution that does not have adequate controls against criminal activities or that is not effectively supervised by the relevant authorities, or a shell bank.

10.7 A finance company shall also take appropriate measures when establishing correspondent banking or other similar relations, to satisfy itself that its respondent banks do not permit their accounts to be used by shell banks.

## **811 WIRE TRANSFERS**

8.411.1 Paragraph 811 shall apply to a finance company ~~in Singapore~~ when it effects the sending of funds by wire transfer or when it receives funds (including serial payments and cover payments) by wire transfer on the account of ~~a person~~ the wire transfer originator or the wire transfer beneficiary but shall not apply to a transfer and settlement between the finance company and another financial institution where the finance company and the other financial institution are acting on their own behalf as the wire transfer originator and the wire transfer beneficiary ~~institution.~~

11.2 For the purposes of paragraph 11 —

“batch transfer” is a transfer comprised of a number of individual wire transfers that are sent by a wire transfer originator to the same financial institutions, irrespective of whether the individual wire transfers are intended ultimately for one or more wire transfer beneficiaries;

“beneficiary institution” means the financial institution that receives the ~~funds on the account of~~ wire transfer from the ordering financial institution, directly or through an intermediary financial institution, and makes the funds available to the wire transfer beneficiary;

“cover payment” refers to a wire transfer that combines a payment message sent directly by the ordering institution to the beneficiary institution with the routing of the funding instruction from the ordering institution to the beneficiary institution through one or more intermediary institutions;

“cross-border wire transfer” means a wire transfer where the ordering institution and the beneficiary institution are located in different countries or jurisdictions;

~~“intermediary institution” means the financial institution that is an intermediary in the wire transfer payment and includes any~~ chain;

“ordering institution” means the financial institution that acts on the instructions of the wire transfer originator in which at least one of the financial institutions involved is located in sending the funds a different country or jurisdiction;

“wire transfer beneficiary” means the person to whom or for whose benefit the funds are sent; and

“customer identification number” means a number which uniquely identifies the wire transfer originator to the ordering institution and which is a different number from the unique transaction reference number;

“domestic wire transfer” means a wire transfer where the ordering institution and beneficiary institution are located in the same country or jurisdiction and also refers to any chain of wire transfer that takes place entirely within a country, even though the system used to transfer the payment message may be located in another country or jurisdiction;

“intermediary institution” means the financial institution in a serial payment or cover payment chain that receives and transmits a wire transfer on behalf of the ordering institution and the beneficiary institution, or another intermediary institution;

“ordering institution” means the person who financial institution that initiates the sending of wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the wire transfer originator;

“serial payment” refers to a direct sequential chain of payment where the wire transfer and accompanying payment message travel together from the ordering institution to the beneficiary institution, directly or through one or more intermediary institutions;

“straight-through processing” means payment transactions that are conducted electronically without the need for manual intervention;

“unique transaction reference number” refers to a combination of letters, numbers or symbols, determined by the payment service provider, in accordance with the protocols of the payment and settlement system or messaging system used for the wire transfer;

“wire transfer” refers to any transaction carried out on behalf of a wire transfer originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary person at a beneficiary financial institution, irrespective of whether the originator and the beneficiary are the same person;

“wire transfer beneficiary” means the natural person, legal person or legal arrangement who is identified by the wire transfer originator as the receiver of the wire transfer funds;



and

“wire transfer originator” means the account holder who allows the wire transfer from that account, or where there is no account, the natural person, legal person or legal arrangement that places the wire transfer order with the ordering financial institution to perform the wire transfer.

## **Responsibility of the Ordering Institution**

### **(I) Identification and Recording of Information**

8.211.3 Before effecting a wire transfer, every finance company that is an ordering institution shall —

- (a) identify ~~the~~ wire transfer originator and verify his or its identity, as the case may be (if the finance company has not already done so by virtue of paragraph 46); and
- (b) record adequate details of the wire transfer so as to permit its reconstruction, including at least but not limited to, the date of the wire transfer, the type and amount of currency involved, transferred and the value date ~~and the details of the wire transfer beneficiary and the beneficiary institution.~~

### **(II) Cross-border Wire Transfers Exceeding Below or Equal To S\$2,0001,500**

8.311.4 In a cross-border wire transfer where the amount to be transferred exceeds is below or equal to S\$2,0001,500, every finance company— which is an ordering institution shall include in the message or payment instruction that accompanies or relates to the wire transfer the following:

- (a) the name of the wire transfer originator;
- (b) the wire transfer originator's account number (or unique transaction reference number assigned by the ordering institution where no account number exists);  
and
- (c) the name of the wire transfer beneficiary; and
- (d) the wire transfer beneficiary's account number (or unique transaction reference number assigned by the ordering institution where no account number exists).

### **(III) Cross-border Wire Transfers Exceeding S\$1,500**

11.5 For the purposes of paragraphs 11.6 and 11.8, the customer identification number

refers to a record held by the ordering institution which contains at least one of the following:

- (a) the customer's existing residential address, registered or business address (as may be appropriate, and if different, principal place of business);
- (b) a unique identification number for the customer (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number);  
or
- (c) the date and place of birth, incorporation or registration of the customer (as may be appropriate).

11.6 In a cross-border wire transfer where the amount to be transferred exceeds S\$1,500, every finance company which is an ordering institution shall include in the message or payment instruction that accompanies or relates to the wire transfer the information required by paragraphs 11.4(a) to 11.4(d) of this Notice and any of the following:

- (a) the wire transfer originator's ~~existing residential address, unique identification number, registered or date~~ business address (as may be appropriate, and if different, principal place of ~~birth, business~~);
- (b) the wire transfer originator's unique identification number (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number);
- (c) the date and place of birth, incorporation or registration of the customer (as may be appropriate); or
- (d) the customer identification number.

11.7 Where several individual cross-border wire transfers from a single wire transfer originator are bundled in a batch file for transmission to wire transfer beneficiaries, a finance company which is an ordering institution shall be exempted from the requirements of paragraph 11.5 in respect of originator information, provided that —

- (a) the batch transfer includes the wire transfer originator's account number or unique transaction reference number; and
- (b) the batch transfer file contains the —
  - (i) wire transfer originator information required by paragraph 11.6 of this

Notice and which has been verified, and

(ii) wire transfer beneficiary information required by paragraph 11.6 of this Notice and which is fully traceable within the beneficiary country.

(III) Domestic Wire Transfers

~~8.411.8~~ In a domestic wire transfer, every finance company that is an ordering institution shall either—

(a) include in the message or payment instruction that accompanies or relates to the wire transfer ~~all~~the following:

(i) the name of the wire transfer originator ~~information required to be included as if the~~;

~~(i)~~(ii) the wire transfer originator's account number (or unique transaction ~~had been~~reference number assigned by the ordering institution where no account number exists); and

~~(ii)~~(iii) any of the following:

(A) the wire transfer originator's existing residential address, registered or business address (as may be appropriate, and if different, principal place of business);

(B) the wire transfer originator's unique national identification number (such as an identity card number, birth certificate number or passport number, or where the customer is not a cross-border wire transfer exceeding S\$2,000; or natural person, the incorporation number or business registration number);

(C) the date and place of birth, incorporation or registration of the customer (as may be appropriate); or

(D) the customer identification number; or

(b) include only the wire transfer originator's account number (or unique transaction reference number where no account number exists) ~~but~~, provided —

(i) that these details will permit the transaction to be traced back to the wire transfer originator or wire transfer beneficiary;

(ii) the ordering institution is in a position to make the remaining wire transfer originator information listed in paragraph 11.8(a) available within 3 working days of a request being made by the beneficiary institution or by the Authority or relevant authorities; and

(iii) the ordering institution is in a position to make the remaining wire transfer originator information listed in paragraph 11.8(a) available immediately upon request by law enforcement authorities.

11.9 All wire transfer originator and beneficiary information collected by the ordering institution shall be documented.

8-511.10 Where the finance company is unable to comply with the requirements in paragraphs 11.3 to 11.8 or where there is any suspicion of money laundering or terrorism financing, the ordering institution shall not execute the wire transfer.

### **Responsibility of the Beneficiary Institution**

11.11 A finance company that is a beneficiary institution shall take reasonable measures, including post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers that lack the required wire transfer originator or required wire transfer beneficiary information.

11.12 For cross-border wire transfers, a beneficiary institution shall identify and verify the identity of the wire transfer beneficiary if the identity has not been previously verified.

8-611.13 A finance company that is a beneficiary institution shall implement appropriate internal risk-based policies, procedures and controls for identifying and handling incoming wire transfers that are not accompanied by complete originator information determining —

(c) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and

(d) the appropriate follow-up action.

### **Responsibility of Intermediary Institution**

8-711.14 A finance company that is an intermediary institution shall, in passing onward the message or payment instruction, maintain retain all the required wire transfer originator and wire transfer beneficiary information with accompanying the wire transfer.

11.15 Where technical limitations prevent the required wire transfer originator or wire transfer beneficiary information accompanying a cross-border wire transfer from remaining with

a related domestic wire transfer, a record shall be kept, for at least five years, by the receiving intermediary institution of all the information received from the ordering institution or another intermediary institution.

11.16 An intermediary institution shall take reasonable measures, which are consistent with straight-through processing, to identify cross-border wire transfers that lack the required wire transfer originator or wire transfer beneficiary information.

11.17 An intermediary institution shall implement appropriate internal risk-based policies, procedures and controls for determining —

(a) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and

(b) the appropriate follow-up action.

## **912 RECORD KEEPING**

9.112.1 A finance company shall prepare, maintain and retain documentation on all its business relations with and transactions withfor its customers such that —

(a) all requirements imposed by law (including this Notice) are met;

(b) any individual transaction undertaken by the finance company can be reconstructed (including the amounts and types of currency involved) so as to provide, if necessary, evidence for prosecution of criminal activity;

(c) ~~the~~ Authority or other relevant ~~competent~~ authorities in Singapore and the internal and external auditors of the finance company are able to review the finance ~~company's~~ company 's business relations, transactions, records and CDD information and assess the level of compliance with this Notice; and

(d) the finance company can satisfy, within a reasonable time or any more specific time period imposed by law or by the requesting authority, any enquiry or order from the relevant ~~competent~~ authorities in Singapore for information.

9.212.2 Subject to paragraph 912.4 and any other requirements imposed by law, a finance company shall, when setting its record retention policies, comply with the following document retention periods:

(a) — a period of at least 5 years following the termination of business relations for customer identification CDD information; (including the results of screening and the finance company's assessment of the results), and other documents relating

to the ~~establishment of~~ business relations, wire transfers and transactions undertaken without an account being opened, as well as account files ~~and~~, business correspondence; and

(a) results of any analysis undertaken, a period of at least 5 years following the termination of such business relations or completion of the transaction such wire transfers or transactions; and

~~(a)(b)~~ for records relating to a transaction, including any information needed to explain and reconstruct the transaction—, a period of at least 5 years following the completion of the transaction.

~~9.312.3~~ A finance company may retain documents, data and information as originals or copies, in paper or electronic form or on microfilm, provided that they are admissible as evidence in a Singapore court of law.

~~9.412.4~~ A finance company shall retain records of documentation, data and information on all its business relations with or transactions for a customer pertaining to a matter which is under investigation or which has been the subject of an STR ~~for such longer period as may be necessary~~, in accordance with any request or order from STRO or from other relevant ~~competent~~ authorities in Singapore.

### 13 PERSONAL DATA

13.1 For the purposes of paragraph 13, "individual" means a natural person, whether living or deceased.

13.2 Subject to paragraph 13.3 and for the purposes of complying with this Notice, a finance company shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with —

(a) any access to personal data about the individual that is in the possession or under the control of the finance company;

(b) any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the finance company; and

~~(b)(c)~~ any right to correct an error or omission of the personal data about the individual that is in the possession of or under the control of the finance company.

13.3 A finance company shall, as soon as reasonably practicable, upon the request of an

individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to —

(a) access the following types of personal data of that individual, that is in the possession or under the control of the finance company:

(i) his full name, including any alias;

(ii) his unique identification number (such as an identity card number, birth certificate number or passport number);

(iii) his existing residential address and contact telephone number(s);

(iv) his date of birth;

(v) his nationality;

(vi) subject to section 21(2) and (3) read with the Fifth Schedule to the Personal Data Protection Act 2012 (Act 26 of 2012), any other personal data of the respective individual provided by that individual to the finance company; and

(a)(b) subject to section 22(7) and the Sixth Schedule to the Personal Data Protection Act, correct an error or omission in relation to the types of personal data set out in paragraphs (a)(i) to (vi), provided the finance company is satisfied that there are reasonable grounds for such request.

13.4 For the purposes of complying with this Notice, a finance company may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, without the respective individual's consent.

## **1014 SUSPICIOUS TRANSACTIONS REPORTING**

10.114.1 A finance company shall keep in mind the provisions in the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A)<sup>3</sup> and in the Terrorism (Suppression of Financing) Act (Cap. 325) that provide for the reporting to the ~~competent~~ authorities of transactions suspected of being connected with money laundering or ~~terrorist~~terrorism financing, and implement appropriate internal policies,

<sup>3</sup> Please note in particular section 48 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act on tipping-off.

procedures and controls for meeting its obligations under the law, including the following:

- (a) establish a single reference point within the organisation to whom all employees are instructed to promptly refer all transactions suspected of being connected with money-laundering or ~~terrorist~~terrorism financing, for possible referral to STRO via STRs; and
- (b) keep records of all transactions referred to STRO, together with all internal findings and analysis done in relation to them.

[MAS Notice 824 (Amendment) 2013]

~~10.214.2~~ A finance company shall promptly submit reports on suspicious transactions (including attempted transactions), regardless of the amount of the transaction, to STRO, and extend a copy to the Authority for information.

~~10.314.3~~ A finance company shall consider if the circumstances are suspicious so as to warrant the filing of an STR and document the basis for its determination where—

- (a) the finance company is for any reason unable to complete CDD measures; or
- (b) the customer is reluctant, unable or unwilling to provide any information requested by the finance company, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

## **4115 INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING**

~~41.415.1~~ A finance company shall develop and implement adequate internal policies, procedures and controls, taking into consideration its money laundering and terrorism financing risks and the size of its business, to help prevent money laundering and ~~terrorist~~terrorism financing and communicate these to its employees.

~~41.215.2~~ The policies, procedures and controls shall include, amongst other things, CDD measures, record retention, the detection of unusual and/or suspicious transactions and the obligation to make ~~suspicious transaction reports~~STRs.

### **Group Policy**

15.3 For the purposes of paragraph 15.4 to 15.9, a reference to finance company shall mean a finance company incorporated in Singapore.

15.4 A finance company shall ~~take into consideration~~ develop a group policy on AML/CFT to



meet all requirements of this Notice and extend this to all of its branches and subsidiaries in its financial group, including those outside Singapore.

15.5 Where a finance company has a branch or subsidiary in a host country or jurisdiction —

(a) identified by the FATF as a higher risk country or jurisdiction; or

(b) known to have inadequate AML/CFT measures, as determined by the finance company for itself or notified to finance companies generally by the Authority or by any other foreign regulatory authority,

the finance company shall ensure that its group policy on AML/CFT is strictly observed by the management of that branch or subsidiary.

15.6 Subject to the finance company putting in place adequate safeguards to protect the confidentiality and use of any information that is shared, as may be required by the law of the country or jurisdiction, the finance company shall develop and implement group policies and procedures for its branches and subsidiaries within the financial group to share information required for the purposes of CDD, and for money laundering and terrorist~~terrorism~~ financing ~~threats that may arise~~ risk management.

~~11.3~~15.7 Such policies and procedures shall include the provision, at the finance company's group-level compliance, audit, and AML/CFT functions, of customer, account, and transaction information from the use of new or developing technologies, especially those that favour anonymity, in formulating its policies, procedures and controls its branches and subsidiaries within the financial group, when necessary for money laundering and terrorism financing risk management purposes.

15.8 Where the AML/CFT requirements in the host country or jurisdiction differ from those in Singapore, the finance company shall require that the overseas branch or subsidiary apply the higher of the two standards, to the extent that the law of the host country or jurisdiction so permits.

15.9 Where the law of the host country or jurisdiction conflicts with Singapore law such that the overseas branch or subsidiary is unable to fully observe the higher standard, the finance company's head office shall apply additional appropriate measures to manage the money laundering and terrorism financing risks, report this to the Authority and comply with such further directions as may be given by the Authority.

## **Compliance**

11.415.10 A finance company shall develop appropriate compliance management arrangements, including at least, the appointment of a management level officer as the AML/CFT compliance officer.

~~11.515.11~~ A finance company shall ensure that the AML/CFT compliance officer, as well as any other persons appointed to assist him, has adequate resources and timely access to all customer records and other relevant information which they require to discharge their functions.

## Audit

~~11.615.12~~ A finance company shall maintain an audit function that is adequately resourced and independent, and which will be able to regularly assess the effectiveness of the finance company's internal policies, procedures and controls, and its compliance with regulatory requirements.

## Employee Hiring

~~11.715.13~~ A finance company shall have in place screening procedures, to ensure high standards when hiring employees and appointing officers<sup>4</sup>.

## Training

~~11.815.14~~ A finance company shall take all appropriate steps to ensure that its employees and officers (whether in Singapore or elsewhere) are suitably qualified, and regularly and appropriately trained on —

- (a) AML/CFT laws and regulations, and in particular, CDD measures, detecting and reporting of suspicious transactions;
- (b) prevailing techniques, methods and trends in money laundering and terroristterrorism financing; and
- (c) the finance company's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of employees and officers in combating money laundering and terroristterrorism financing.

~~[MAS Notice 824 (Amendment) 2013]~~

## ~~12~~ **PERSONAL DATA**

~~12.1~~ For the purposes of paragraph ~~12~~—

<sup>4</sup> "Officer" —

- (a) in relation to a licensee that is a legal person (other than a partnership), means any director or any member of the committee of management of the legal person;
- (b) in relation to a licensee that is a partnership, means any partner or manager; and
- (c) in relation to a licensee that is a legal arrangement, means any member of the committee of management of the legal arrangement, where applicable.

~~(a) —“personal data” has the same meaning as defined in section 2(1) of the Personal Data Protection Act (Cap. 26);~~

~~(b) —“individual” means a natural person, whether living or deceased; and~~

~~(c) —“connected party”-~~

~~company, means any director or any natural person having executive authority in the company;~~

~~(ii) in relation to a partnership, a limited partnership within the meaning of the Limited Partnerships Act (Cap. 163B) or a limited liability partnership within the meaning of the Limited Liability Partnerships Act (Cap. 163A), means any partner or manager; and~~

~~(iii) in relation to any other body corporate or unincorporate, means any natural person having executive authority in such body corporate or unincorporate, where applicable.~~

~~12.2—Subject to paragraph 13.3 and for the purposes of complying with this Notice, a finance company shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with:~~

~~(c)(d) any access to personal data about the individual that is in the possession or under the control of the finance company;~~

~~(d) —any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the bank; and~~

~~(e) any right to correct an error or omission of the personal data about the individual that is in the possession of or under the control of the finance company.~~

~~12.3—A finance company shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to:~~

~~(b) access the following types of personal data of that individual, that is in the possession or under the control of the finance company:~~

~~his full name, including any alias;~~

~~(vi)(vii) his unique identification number (such as an identity card number, birth certificate number or passport number);~~

~~(vii)(viii) his existing residential address and contact telephone number(s);~~

~~(viii)(ix) his date of birth;~~

~~(ix)(x) his nationality;~~

~~i. subject to section 21(2) and (3) read with the Fifth Schedule to the Personal Data Protection Act, any other personal data of the respective individual provided by that individual to the finance company; and~~

~~(c) subject to section 22(7) and the Sixth Schedule to the Personal Data Protection Act, correct an error or omission in relation to the types of personal data set out in paragraphs (a)(i) to (vi), provided the finance company is satisfied that there are reasonable grounds for such request.~~

~~12.4 For the purposes of complying with this Notice, a finance company may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, without the respective individual's consent.~~

~~[MAS Notice 824 (Amendment) 2014]~~

#### Endnotes on History of Amendments

1. MAS Notice 824 dated 2 July 2007 with effect from 2 July 2007.
  - (a) MAS Notice 824 (Amendment) 2009 dated with effect from 3 July 2009.
  - (b) MAS Notice 824 (Amendment) 2009 with effect from 2 December 2009.
  - (c) MAS Notice 824 (Amendment) 2013 dated with effect from 23 January 2013.
  - (d) MAS Notice 824 (Amendment) 2014 dated with effect from 1 July 2014.
2. MAS Notice 824 dated 2 July 2007 cancelled with effect from (xxxx).

3. MAS Notice 824 dated (xxxx) with effect from (xxxx).

## Appendix 1 —

1. Financial institutions that are licensed, approved, registered (including a fund management company registered under paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10)) or regulated by the Authority but do not include —
  - (a) holders of stored value facilities, as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A); and
  - (b) a person (other than a person referred to in paragraphs 2 and 3) who is exempted from licensing, approval or regulation by the Authority under any Act administered by the Authority, including a private trust company exempted from licensing under section 15 of the Trust Companies Act (Cap. 336) read with regulation 4 of the Trust Companies (Exemption) Regulations (Rg. 1);
2. Persons exempted under section 23(1)(f) of the Financial Advisers Act (Cap. 110) read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg. 2); and
3. Persons exempted under section 99(1)(h) of the Securities and Futures Act (Cap. 289) read with paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations.

## Appendix 2 —

1. Banks in Singapore licensed under section 7 of the Banking Act (Cap.19);
2. Merchant banks approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
3. Finance companies licensed under section 6 of the Finance Companies Act (Cap. 108);
4. Financial advisers licensed under section 6 of the Financial Advisers Act (Cap. 110) except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product;
5. Holders of a capital markets services licence under section 82 of the Securities and Futures Act (Cap. 289);
6. Fund management companies registered under paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10);
7. Persons exempted under section 23(1)(f) of the Financial Advisers Act read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg. 2) except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product;
8. Persons exempted under section 99(1)(h) of the Securities and Futures Act read with paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations;
9. Approved trustees approved under section 289 of the Securities and Futures Act;
10. Trust companies licensed under section 5 of the Trust Companies Act (Cap. 336);
11. Direct life insurers licensed under section 8 of the Insurance Act (Cap. 142); and
12. Insurance brokers registered under the Insurance Act which, by virtue of such registration, are exempted under section 23(1)(c) of the Financial Advisers Act except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.