

# **ANNEX F: PROPOSED KEY AMENDMENTS TO MAS NOTICE SFA04-N02**

## **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 SFA04-N02 will include new obligations for Capital Markets Intermediaries (CMIs) to identify and assess the overall ML/TF risks they face as an institution, and to take commensurate steps to mitigate these risks effectively. CMIs 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 Correspondent Accounts – Paragraphs 10.1 to 10.7**

In line with international best practices and FATF guidance that requirements on correspondent banking should apply to similar services such as cross-border securities transactions, MAS Notice SFA04-N02 will include new obligations for CMIs to perform specific due diligence measures when providing cross-border services to a foreign financial institution, in relation to any activity for which the CMI is regulated under the Securities and Futures Act (Cap. 289).

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[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 Definitions of Customer and Beneficial Owner – Paragraph 2.1**

The definitions of customer and beneficial owner will be amended in MAS Notice SFA04-N02 to clarify MAS' existing policy intent for a CMI to treat the underlying investors into the investment vehicles (other than listed entities) that the CMI itself manages as the CMI's customers, for the purposes of MAS Notice SFA04-N02.

### **2.2 Relationship Management – Paragraph 2.1**

2.2.1 Existing Guidelines to MAS Notice SFA04-N02 outlines that CMIs should consider the substance of the relationship as a whole, as opposed to just account booking location, to determine an individual, trust or corporate as their customer. This takes into consideration the globalised nature of modern capital markets, where a CMI's relationship and transactions with a particular customer could be managed by CMI officers based in more than one country or that the customer's account may be booked in one country but managed by a CMI's office in another country or jurisdiction.

2.2.2 This approach will now be explicitly referred to in the revised MAS Notice SFA04-N02 through the term - "relationship management", which covers the managing or servicing by an employee or a representative of a CMI of a customer account that is also opened with the overseas subsidiary, branch, parent or related corporation of the CMI.

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

MAS Notice SFA04-N02 will be revised to clarify risk assessment and mitigation requirements in relation to new products, practices and technologies.

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

2.4.1 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>.

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<sup>2</sup> <http://statutes.agc.gov.sg/aol/search/display/view.w3p;page=0;query=Compld%3Ae656bc3e-f045-429e-8eda->

2.4.2 MAS Notice SFA04-N02 will be amended to clarify the following existing expectations:

- a. Prospective customers. CMIs 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 a serious offence.
- 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 CMI, including consideration whether to continue the relationship. Should the CMI decide to retain the customer, the CMI should also take mitigating measures which are commensurate with its risk assessment.

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

2.5.1 The revised MAS Notice SFA04-N02 will provide further elaboration of the cascading measures CMIs need to undertake when identifying and verifying the identity of beneficial owners of legal persons and legal arrangements.

2.5.2 For legal persons —

- a. CMIs 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, CMIs 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), CMIs will need to identify the natural persons having executive authority in the legal person, or in equivalent or similar positions.

2.5.3 When dealing with legal arrangements, CMIs 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.

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## **2.6 Customer Screening - Paragraphs 6.44 to 6.46**

2.6.1 MAS Notice SFA04-N02 will be revised to clarify existing expectations for CMIs 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 and beneficial owners of the customer.

2.6.2 A screening process is fundamental to managing ML/TF risks. CMIs 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 CMI to identify higher risk customer relationships. CMIs 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.

## **2.7 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 SFA04-N02 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.

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

The amended MAS Notice SFA04-N02 will set out requirements to take into account countries and jurisdictions identified by the FATF as higher risk. CMIs 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.

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

MAS Notice SFA04-N02 will now specify requirements for CMIs in terms of reliance on third parties, including their own branches and subsidiaries, to perform CDD.

## **2.10 Record-Keeping - Paragraphs 11.1 to 11.4**

MAS Notice SFA04-N02 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 14.3 to 14.9**

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 SFA04-N02 will be amended to clarify existing expectations on CMIs 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 SFA04-N02**

MAS Notice SFA04-N02

[ ] 2014

NOTICE TO CAPITAL MARKETS INTERMEDIARIES  
MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

## **PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM - CAPITAL MARKETS INTERMEDIARIES**

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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:
- (a) holders of a capital markets services licence, all 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); and
  - (b) all persons exempted under paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations from having to hold a capital markets services licence.
- 1.2 This Notice shall take immediate effect. MAS Notice SFA04-N02 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 CMI, means —

- (a) a natural person who ultimately owns or controls a customer; or
- (b) a 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,

except a natural person who is considered a customer of the CMI under subparagraph (c) of the definition of “customer” in this Notice;

“business relations” means —

- (a) the opening or maintenance of an account by the CMI in the name of;
- (b) the provision of financial advice by the CMI to;
- (c) the provision of fund management services by the CMI to; or
- (d) the undertaking of relationship management by the CMI 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;

“CMI” means a person holding a capital markets services licence, 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 or a person exempted from having to hold such a licence under paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations;

“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 CMI, means a person (whether a natural person, legal person or legal arrangement) —

- (a) with whom the CMI establishes or intends to establish business relations;
- (b) for whom the CMI undertakes or intends to undertake any transaction without an account being opened; or
- (c) who invests into an investment vehicle [other than an investment vehicle which is an entity listed on —
  - (i) the Singapore Exchange; or
  - (ii) an overseas exchange and is subject to the requirements in paragraph 6.21(d)(i) and (ii)],  
to which the CMI provides the regulated activity of fund management;

“FATF” means the Financial Action Task Force;

“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;

“fund management” has the same meaning as defined in the Second Schedule to the Securities and Futures Act, except that a reference to “customer” has the same meaning as defined in this Notice;

“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 arrangement” means a trust or other similar arrangement;

“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;

“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;



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

“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 Securities and Futures Act.

### **3 UNDERLYING PRINCIPLES**

- 3.1 This Notice is based on the following principles, which shall serve as a guide for all CMIs in the conduct of their operations and business activities:
- (a) A CMI shall exercise due diligence when dealing with customers, persons appointed to act on the customer’s behalf and beneficial owners.
  - (b) A CMI 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 CMI 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 CMI 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 CMI has operations in; and
- (d) the products, services, transactions and delivery channels of the CMI.

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

- (a) documenting the CMI'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 CMI 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 CMI 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 CMI 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 CMI 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 CMI 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 CMI 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 CMI has reasonable grounds to suspect that the assets or funds of a prospective customer, with whom the CMI intends to establish business relations or for whom the CMI 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 CMI 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 CMI shall perform CDD measures in accordance with this Notice when —
- (a) the CMI establishes business relations with any customer;

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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.

- (b) the CMI undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the CMI;
- (c) there is a suspicion of money laundering or terrorism financing, notwithstanding that the CMI would otherwise not be required by this Notice to perform CDD measures; or
- (d) the CMI has doubts about the veracity or adequacy of any information previously obtained.

6.4 Where a CMI 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 CMI shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.

### **CDD Measures**

(l) Identification of Customers

6.5 A CMI shall identify each customer.

6.6 For the purpose of paragraph 6.5, a CMI 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 CMI 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 CMI 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 CMI shall, apart from identifying the customer, also identify the partners and managers<sup>2</sup>.
- 6.10 Where the customer is a legal arrangement, the CMI 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 CMI 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 CMI 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 its behalf in establishing business relations with the CMI or the customer is not a natural person, a CMI 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 CMI 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 CMI shall only be required to obtain such information as may be required to confirm that the customer is a Singapore Government entity as asserted.

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

(IV) Identification and Verification of Identity of Beneficial Owners

- 6.16 Subject to paragraph 6.21, a CMI 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 CMI 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 CMI shall understand the nature of the customer's business and its ownership and control structure.
- 6.19 For customers that are legal persons, the CMI 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 CMI 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 CMI 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 CMI 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 CMI 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 CMI 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 CMI shall monitor on an ongoing basis, its business relations with customers.

6.25 A CMI 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 CMI's knowledge of the customer, its business and risk profile and where appropriate,

the source of funds.

- 6.26 A CMI 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 CMI shall put in place adequate systems and processes, commensurate with the size and complexity of the CMI, 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 CMI 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 CMI 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 CMI considers it appropriate to retain the customer —
- (a) the CMI shall substantiate the reasons for retaining the customer and shall document them; and
  - (b) the customer's business relations with the CMI shall be subjected to commensurate risk mitigation measures, including enhanced ongoing monitoring.
- 6.31 Where the CMI assesses the customer or the business relations with the customer referred to in paragraph 6.30 to be of high risk, the CMI shall conduct enhanced CDD, which shall include obtaining the approval of the CMI's senior management to retain the customer.

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

- 6.32 A CMI 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 CMI 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 CMI 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 CMI on Identification and Verification Already Performed**

- 6.35 When a CMI (“acquiring CMI”) acquires, either in whole or in part, the business of another financial institution (whether in Singapore or elsewhere), the acquiring CMI shall perform CDD measures on the customers acquired with the business at the time of acquisition except where the acquiring CMI 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 CMI as to the adequacy of AML/CFT measures previously adopted in relation to the business or part thereof now acquired by the acquiring CMI.

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

- 6.36 A CMI that undertakes any transaction of a value exceeding S\$20,000 for any customer who does not otherwise have business relations with the CMI shall —
- (a) identify and verify the identity of the customer as if the customer had applied to the CMI 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 CMI 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 CMI establishes business relations with a customer; or
  - (b) before the CMI undertakes any transaction of a value exceeding S\$20,000 for a customer, where the customer does not have business relations with the CMI.

- 6.38 A CMI 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 CMI.
- 6.39 Where the CMI 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 CMI shall adopt internal risk management policies and procedures concerning the conditions under which a customer may utilise business relations 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 CMI has obtained, screened and verified all necessary CDD information under paragraphs 6, 7 and 8 of this Notice, and where the CMI has received satisfactory responses to all inquiries in relation to such necessary CDD information.
- 6.41 Where the CMI 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 CMI 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 CMI shall perform CDD measures on all of the joint account holders as if each of them were individually customers of the CMI.

#### **Existing Customers**

- 6.43 A CMI 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 CMI 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 CMI shall screen the persons referred to in paragraph 6.44 —
- (a) when, or as soon as reasonably practicable after, the CMI establishes business relations with the customer;
  - (b) when the CMI undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the CMI;
  - (c) on a periodic basis after the CMI establishes business relations with the customer; and
  - (d) 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 CMI; or
    - (ii) natural persons appointed to act on behalf of a customer, connected parties or beneficial owners of a customer.
- 6.46 The results of screening and assessment by the CMI shall be documented.

## **7 SIMPLIFIED CUSTOMER DUE DILIGENCE**

- 7.1 Subject to paragraph 7.4, a CMI 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 CMI, 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 CMI.
- 7.4 No CMI 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 CMI for itself or notified to CMIs generally by the Authority or by other foreign regulatory authorities; or
- (c) where the CMI suspects that money laundering or terrorism financing is involved.

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

7.6 Where the CMI 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 CMI 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 CMI’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 CMI 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 CMI 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 CMI present a higher risk for money laundering or terrorism financing.

### **Other High Risk Categories**

8.5 A CMI shall perform the appropriate enhanced CDD measures in paragraph 8.2 for such other categories of customers, business relations or transactions as the CMI 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 CMI 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 CMI 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 CMI for itself or notified to CMIs generally by the Authority or other foreign regulatory authorities,

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

8.7 A CMI shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the CMI 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 CMI incorporated in Singapore, its branches, subsidiaries, parent corporation and other related corporations; or
- (d) in relation to a CMI incorporated outside Singapore, its parent corporation, the branches and subsidiaries of the parent corporation, and other related corporations.

9.2 Subject to paragraph 9.3, a CMI 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 CMI 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 CMI 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 CMIs 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 CMI's request, any document obtained by the third party with respect to the CDD measures applied on the CMI's customer, which the CMI would be required or would want to obtain.

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

9.4 Where a CMI 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 CMI shall remain responsible for its AML/CFT obligations in this Notice.

## 10 CORRESPONDENT ACCOUNTS

10.1 Paragraph 10 applies to a CMI when it provides correspondent account services in Singapore to a financial institution that is operating outside Singapore.

10.2 For the purposes of paragraph 10 —

“correspondent account services” means the provision of services under a cross-border relationship between a CMI and a respondent financial institution, in relation to any activity for which the CMI is regulated under the Securities and Futures Act, whether for that respondent financial institution as principal or for that respondent financial institution’s customers;

“payable-through account” means an account maintained at the CMI by the respondent financial institution for the provision of correspondent account services, but which is accessible directly by a third party to effect transactions on its own behalf;

“respondent financial institution” means the financial institution operating outside Singapore to whom correspondent account services in Singapore are provided; and

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

10.3 A CMI in Singapore shall perform the following measures when providing correspondent account services:

- (a) assess the suitability of the respondent financial institution by taking the following steps:
  - (i) gather adequate information about the respondent financial institution to understand fully the nature of the respondent financial institution’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 financial institution and the quality of supervision over the respondent financial institution, including whether it has been the subject of money laundering or terrorism financing investigation or regulatory action; and
  - (iii) assess the respondent financial institution’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 financial institution operates;

- (b) clearly understand and document the respective AML/CFT responsibilities of the CMI and the correspondent financial institution; and
- (c) obtain approval from the CMI's senior management to provide new correspondent account services.

10.4 Where the correspondent account services involve a payable-through account, the CMI shall be satisfied that —

- (a) the correspondent financial institution 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 correspondent financial institution 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 CMI upon request.

10.5 The CMI shall document the basis for its satisfaction that the requirements in paragraphs 10.3 and 10.4 are met.

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

10.7 A CMI shall also take appropriate measures when providing correspondent account services, to satisfy itself that its correspondent financial institutions do not permit their accounts to be used by shell financial institutions.

## **11 RECORD KEEPING**

11.1 A CMI 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 CMI 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 CMI are able to review the CMI's business relations, transactions, records and CDD information and assess the level of compliance

with this Notice; and

- (d) the CMI 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.

11.2 Subject to paragraph 11.4 and any other requirements imposed by law, a CMI 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 CMI's assessment of the results), and other documents relating to the business relations 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 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.

11.3 A CMI 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.

11.4 A CMI 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.

## **12 PERSONAL DATA**

12.1 For the purposes of paragraph 12, "individual" means a natural person, whether living or deceased.

12.2 Subject to paragraph 12.3 and for the purposes of complying with this Notice, a CMI 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 CMI;

- (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 CMI; and
- (c) any right to correct an error or omission of the personal data about the individual that is in the possession or under the control of the CMI.

12.3 A CMI 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 CMI:
  - (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 CMI; 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 CMI is satisfied that there are reasonable grounds for such request.

12.4 For the purposes of complying with this Notice, a CMI 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.

## **13 SUSPICIOUS TRANSACTIONS REPORTING**

13.1 A CMI 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:

- (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.
- 13.2 A CMI 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.
- 13.3 A CMI 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 CMI 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 CMI, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

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

- 14.1 A CMI 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.
- 14.2 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**

- 14.3 For the purposes of paragraph 14.4 to 14.9, a reference to CMI shall mean a CMI incorporated in Singapore.

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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.

- 14.4 A CMI 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.
- 14.5 Where a CMI 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 CMI for itself or notified to CMIs generally by the Authority or by any other foreign regulatory authority,
- the CMI shall ensure that its group policy on AML/CFT is strictly observed by the management of that branch or subsidiary.
- 14.6 Subject to the CMI 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 CMI 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.
- 14.7 Such policies and procedures shall include the provision, at the CMI'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.
- 14.8 Where the AML/CFT requirements in the host country or jurisdiction differ from those in Singapore, the CMI 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.
- 14.9 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 CMI'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**

- 14.10 A CMI shall develop appropriate compliance management arrangements, including at least, the appointment of a management level officer as the AML/CFT compliance officer.
- 14.11 A CMI 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**

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

## **Employee and Representative Hiring**

14.13 A CMI shall have in place screening procedures to ensure high standards when hiring employees, appointing officers<sup>4</sup> and representatives.

## **Training**

14.14 A CMI shall take all appropriate steps to ensure that its employees, officers and representatives (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 CMI's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of employees, officers and representatives in combating money laundering and terrorism financing.

## **Endnotes on History of Amendments**

1. MAS Notice SFA04-N02 dated 2 July 2007 with effect from 2 July 2007.
  - (a) MAS Notice SFA04-N02 (Amendment) 2009 with effect from 3 July 2009.
  - (b) MAS Notice SFA04-N02 (Amendment) 2009 with effect from 2 December 2009.
  - (c) MAS Notice SFA04-N02 (Amendment) 2012 with effect from 7 August 2012.
  - (d) MAS Notice SFA04-N02 (Amendment) 2013 with effect from 23 January 2013.
  - (e) MAS Notice SFA04-N02 (Amendment) 2014 with effect from 1 July 2014.
2. MAS Notice SFA04-N02 dated 2 July 2007 cancelled with effect from (xxxx).

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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.

3. MAS Notice SFA04-N02 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 SFA04-N02 (TRACKED CHANGES)

MAS Notice ~~No:~~ SFA04-N02

~~2 July 2007~~

~~Last revised on 1 July~~

[ ] 2014

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

NOTICE TO CAPITAL MARKETS INTERMEDIARIES  
MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

### PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM – CAPITAL MARKETS INTERMEDIARIES

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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—

(a) holders of a capital markets services licence, all 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),~~;~~ and

~~(a)(b)~~ all persons exempted under paragraph ~~5(1)(d)~~ or 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations from having to hold a capital markets services licence.

1.2 ~~This Notice shall take immediate effect. MAS Notice SFA04-N02 dated 2 July 2007 is cancelled with effect from [ ].~~ [SFA04-N02 (Amendment) 2012]

#### 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 CMI, means ~~the~~—

(a) a natural person who ultimately owns or controls a customer; or the

(b) a 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,

except a natural person who is considered a customer of the CMI under subparagraph (c) of the definition of “customer” in this Notice;

“business relations” means —

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

(b) the provision of financial advice by the CMI to;

(c) the provision of fund management services by the CMI to; or

(d) the undertaking of transactionsrelationship management by the CMI for that person on that account;

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

a person (whether a natural person, legal person or legal arrangement);

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

“CMI” means a person holding a capital markets services licence, 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 or a person exempted from having to hold such a licence under paragraph 5(1)(d) or 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations;

[SFA04-N02 (Amendment) 2012]

“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 CMI, means a person ~~in whose name an account is opened or intended to be opened, or for (whether a natural person, legal person or legal arrangement) —~~

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

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

(c) who invests into an investment vehicle [other than an investment vehicle which is an entity listed on —

(i) the Singapore Exchange; or

(ii) an overseas exchange and is subject to the requirements in paragraph 6.21(d)(i) and (ii),

to which the CMI provides the regulated activity of fund management;

“FATF” means the Financial Action Task Force;

“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;

“fund management” has the same meaning as defined in the Second Schedule to the Securities and Futures Act, except that a reference to “customer” has the same meaning as defined in this Notice;

“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 arrangement” means a trust or other similar arrangement;

“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;

“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;

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

“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.

~~1.1 A reference to the completion of CDD measures is a reference to the situation when the CMI has received satisfactory responses to all inquiries.~~

~~1.2 Unless 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, except a person who is 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.~~

[SFA04-N02 (Amendment) 2012]

~~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 Securities and Futures Act.~~

### **3 UNDERLYING PRINCIPLES**

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

- (a) A CMI ~~must~~shall exercise due diligence when dealing with customers, persons appointed to act on the customer's behalf and beneficial owners.
- (b) A CMI ~~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.
- ~~(a)(c)~~ A CMI ~~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 CMI 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 CMI has operations in; and
- (d) the products, services, transactions and delivery channels of the CMI.

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

- (a) documenting the CMI'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 CMI 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 CMI 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 CMI 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 CMI 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 CMI 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.

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

### **Anonymous or Fictitious Account**

2.46.1 No CMI 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 CMI has reasonable grounds to suspect that the assets or funds of a prospective customer, with whom the CMI intends to establish business relations or for whom the CMI 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 CMI 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**

2.26.3 A CMI shall perform CDD measures in accordance with this Notice when —

- (a) the CMI establishes business relations with any customer;
- (b) the CMI undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the CMI;
- (c) there is a suspicion of money laundering or ~~terrorist~~terrorism financing, notwithstanding that the CMI would otherwise not be required by this Notice to perform CDD measures; or
- (d) the CMI has doubts about the veracity or adequacy of any information previously obtained.

6.4 Where a CMI 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 CMI 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~~**

(l) Identification of Customers

2.36.5 A CMI shall identify each customer ~~who applies to the CMI to establish business relations.~~

<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.



2.46.6 For the purpose of paragraph 4.36.5, a CMI 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).

2.56.7 Where the customer is a ~~company~~legal person or legal arrangement, the CMI 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 CMI shall, apart from identifying the customer, also identify the directors and any other natural persons having executive authority in the legal person.

2.66.9 Where the customer is a partnership, the CMI shall, apart from identifying the customer, also identify the partners and managers<sup>2</sup>.

2.76.10 Where the customer is ~~any other body corporate or unincorporate~~a legal arrangement, the CMI 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

2.86.11 A CMI 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.

2.96.12 A CMI 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

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

## Customer's Behalf

~~2.106.13~~ Where the customer appoints one or more natural persons to act on ~~his~~its behalf in establishing business relations with the CMI or the customer is not a natural person, a CMI 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~~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.

~~2.146.14~~ A CMI shall verify the due authority of such persons to act on behalf of the customer ~~by obtaining, at least the following:~~

~~2.12~~ A CMI shall verify the due authority of such persons to act ~~by obtaining, including but not limited to 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.

~~2.136.15~~ Where the customer is a Singapore ~~government~~Government entity, the CMI 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

~~2.146.16~~ Subject to paragraph ~~4.176.21~~, a CMI shall inquire if there exists any beneficial owner in relation to a customer.

~~2.156.17~~ Where there is one or more beneficial owner in relation to a customer, the CMI shall identify the beneficial owners and take reasonable measures to ~~obtain information sufficient to identify and~~ verify the identities of the beneficial ~~owner~~owners, using the relevant information or data obtained from reliable, independent sources.

~~2.166.18~~ Where the customer is not a natural person, the CMI 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 CMI 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 CMI 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).

2.176.21 A CMI 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 —
  - ~~(d)(i)~~ (i) regulatory disclosure requirements; and
  - ~~(e) 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);~~
  - (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) ~~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 CMI 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.

2.186.22 For the purposes of paragraphs 4.176.21(f) and 4.176.21(g)(ii), a CMI 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

2.196.23 A CMI 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

2.206.24 A CMI shall monitor on an ongoing basis, its business relations with customers.

2.246.25 A CMI 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 CMI's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

2.226.26 A CMI 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 CMI shall put in place adequate systems and processes, commensurate with the size and complexity of the CMI, to —

- (a) monitor its business relations with customers; and

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

2.236.28 A CMI 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.

2.246.29 A CMI 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 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 CMI considers it appropriate to retain the customer —

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

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

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

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

2.256.32 A CMI 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.

2.266.33 A CMI 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.

2.276.34 Where there is no face-to-face contact, the CMI 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 CMI on Identification and Verification Already Performed**

2.286.35 When a CMI ("acquiring CMI") acquires, either in whole or in part, the business

of another financial institution (whether in Singapore or elsewhere), the acquiring CMI shall perform CDD measures on the customers acquired with the business at the time of acquisition except where the acquiring CMI 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 CMI as to the adequacy of AML/CFT measures previously adopted in relation to the business or part thereof now acquired by the acquiring CMI.

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

~~2.296.36~~ 2.296.36 A CMI that undertakes any transaction of a value exceeding S\$20,000 for any customer who does not otherwise have business relations with the CMI shall —

- (a) ~~establish~~identify and verify the identity of the customer as if the customer had applied to the CMI 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.

~~2.30~~ ~~Where a CMI 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 CMI shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.~~

### **-Timing for Verification**

~~2.316.37~~ 2.316.37 Subject to ~~paragraph 4.32~~paragraphs 6.38 and 6.39 of this Notice, a CMI 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 ~~owner~~ owners of the customer —

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

~~2.326.38~~ 2.326.38 A CMI may establish business relations with a customer before completing the verification of the identity of the customer ~~and 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 if —

- (a) 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
- (b) the risks of money laundering and ~~terrorist~~terrorism financing can be effectively managed by the CMI.

2.336.39 Where the CMI 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 CMI shall adopt internal risk management policies and procedures concerning the conditions under which a customer may utilise business relations 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 CMI has obtained, screened and verified all necessary CDD information under paragraphs 6, 7 and 8 of this Notice, and where the CMI has received satisfactory responses to all inquiries in relation to such necessary CDD information.

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

### **Joint Account**

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

### **Existing Customers**

6.43 A CMI 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 CMI 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 CMI shall screen the persons referred to in paragraph 6.44 —

- (a) when, or as soon as reasonably practicable after, the CMI establishes business relations with the customer;
- (b) when the CMI undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the CMI;
- (c) on a periodic basis after the CMI establishes business relations with the customer; and
- (d) 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 CMI; or
  - (ii) natural persons appointed to act on behalf of a customer, connected parties or beneficial owners of a customer.

2.366.46 The results of screening and assessment by the CMI shall be documented.

### 37 SIMPLIFIED CUSTOMER DUE DILIGENCE

3.47.1 Subject to paragraph 5.27.4, a CMI 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 CMI, 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 CMI.

3.27.4 No CMI 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 CMI for itself or notified to CMIs generally by the Authority or by other foreign regulatory authorities; or

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

[SFA04-N02 (Amendment) 2009]

~~3.37.5~~ Subject to paragraphs 7.2 and 7.3, a CMI 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.

~~3.47.6~~ Where the CMI 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.

## 48 **ENHANCED CUSTOMER DUE DILIGENCE**

### Politically Exposed Persons

~~4.18.1~~ For the purposes of paragraph ~~68~~ —

“

“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;

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

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

(c) ~~close associates of such a person.~~

[SFA04-N02 (Amendment) 2009]

“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.

4.28.2 A CMI 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 CMI'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 ~~anythe~~ 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 CMI 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 CMI 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 CMI present a higher risk for money laundering or terrorism financing.

### **Other High Risk Categories**

4.38.5 A CMI shall perform the appropriate enhanced CDD measures in paragraph 68.2 for such other categories of customers, business relations or transactions as the CMI 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 CMI 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 CMI shall give particular attention to business relations with and transactions withfor any ~~person~~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

4.4(b) known to have inadequate AML/CFT measures, as determined by the CMI for itself or notified to CMIs generally by the Authority or other foreign regulatory authorities.

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

8.7 A CMI shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the CMI 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).

## **59 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 CMI incorporated in Singapore, its branches, subsidiaries, parent corporation and other related corporations; or
- (d) in relation to a CMI incorporated outside Singapore, its parent corporation, the branches and subsidiaries of the parent corporation, and other related corporations.

**5.19.2** Subject to paragraph ~~7.29.3~~, a CMI 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 CMI 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~~ CMI 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 ~~on~~ which CMIs 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 CMI’s request, any document obtained by the ~~intermediary~~ third party with respect to the CDD measures applied on the CMI’s customer, which the CMI would be required or would want to obtain.

[SFA04-N02 (Amendment) 2009]

**5.29.3** No CMI shall rely on ~~an intermediary~~ a third party to conduct ongoing monitoring of business relations with customers.

5.39.4 Where a CMI relies on an intermediary third party to perform the CDD measures, it shall: —

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

[SFA04-N02 (Amendment) 2009]

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

## 10 CORRESPONDENT ACCOUNTS

10.1 Paragraph 10 applies to a CMI when it provides correspondent account services in Singapore to a financial institution that is operating outside Singapore.

10.2 For the purposes of paragraph 10 —

“correspondent account services” means the provision of services under a cross-border relationship between a CMI and a respondent financial institution, in relation to any activity for which the CMI is regulated under the Securities and Futures Act, whether for that respondent financial institution as principal or for that respondent financial institution’s customers;

“payable-through account” means an account maintained at the CMI by the respondent financial institution for the provision of correspondent account services, but which is accessible directly by a third party to effect transactions on its own behalf;

“respondent financial institution” means the financial institution operating outside Singapore to whom correspondent account services in Singapore are provided; and

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

10.3 A CMI in Singapore shall perform the following measures when providing correspondent account services:

- (a) assess the suitability of the respondent financial institution by taking the

following steps:

- (i) gather adequate information about the respondent financial institution to understand fully the nature of the respondent financial institution'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 financial institution and the quality of supervision over the respondent financial institution, including whether it has been the subject of money laundering or terrorism financing investigation or regulatory action; and
  - (iii) assess the respondent financial institution'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 financial institution operates;
- (b) clearly understand and document the respective AML/CFT responsibilities of the CMI and the respondent financial institution; and
- (c) obtain approval from the CMI's senior management to provide new correspondent account services.

10.4 Where the correspondent account services involve a payable-through account, the CMI shall be satisfied that —

- (a) the respondent financial institution 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 financial institution 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 CMI upon request.

10.5 The CMI shall document the basis for its satisfaction that the requirements in paragraphs 10.3 and 10.4 are met.

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

10.7 A CMI shall also take appropriate measures when providing correspondent account services, to satisfy itself that its respondent financial institutions do not permit their accounts to be used by shell financial institutions.

## 611 RECORD KEEPING

6.411.1A CMI 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 CMI 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 CMI are able to review the CMI's business relations, transactions, records and CDD information and assess the level of compliance with this Notice; and
- (d) the CMI 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.

6.211.2 Subject to paragraph 811.4 and any other requirements imposed by law, a CMI shall, when setting its record retention policies, comply with the following document retention periods:

~~a period of at least 5 years following termination of business relation~~

(a) ~~— for customer identification~~ CDD information, (including the results of screening and the CMI's assessment of the results), and other documents relating to the establishment of business relations and transactions undertaken without an account being opened, as well as account files and business correspondence; and

(a) and 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 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.

6.311.3A CMI 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.

6.411.4A CMI 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.

## **12 PERSONAL DATA**

12.1 For the purposes of paragraph 12, "individual" means a natural person, whether living or deceased.

12.2 Subject to paragraph 12.3 and for the purposes of complying with this Notice, a CMI 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 CMI;
- (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 CMI; and
- (c) any right to correct an error or omission of the personal data about the individual that is in the possession or under the control of the CMI.

12.3 A CMI 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 CMI:
  - (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 CMI; 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 CMI is satisfied that there are reasonable grounds for such request.

12.4 For the purposes of complying with this Notice, a CMI 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.

### **713 SUSPICIOUS TRANSACTIONS REPORTING**

~~7.13.1~~ A CMI 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, 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.

~~[SFA04-N02 (Amendment) 2013]~~

~~7.213.2~~ A CMI 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.

~~7.313.3~~ A CMI 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 CMI is for any reason unable to complete CDD measures; or

<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.

- (b) the customer is reluctant, unable or unwilling to provide any information requested by the CMI, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

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

~~8.14.1~~ A CMI 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.

~~8.2~~14.2 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.

~~8.3~~ ~~A CMI shall take into consideration money laundering and terrorist financing threats that may arise from the use of new or developing technologies, especially those that favour anonymity, in formulating its policies, procedures and controls.~~

### **Group Policy**

~~A CMI that is~~

~~14.3~~ For the purposes of paragraph 14.4 to 14.9, a reference to CMI shall mean a CMI incorporated in Singapore.

~~8.4~~14.4 A CMI 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.

14.5 Where a CMI 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 CMI for itself or notified to CMIs generally by the Authority or by any other foreign regulatory authorities), authority,

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

14.6 Subject to the CMI 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 CMI 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.

14.7 Such policies and procedures shall include the provision, at the CMI'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.

8.614.8 Where the AML/CFT requirements in the host country or jurisdiction differ from those in Singapore, the CMI 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.

8.714.9 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 CMI'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**

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

8.914.11 A CMI 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**

8.1014.12 A CMI shall maintain an audit function that is adequately resourced and independent, and which will be able to regularly assess the effectiveness of the CMI's internal policies, procedures and controls, and its compliance with regulatory requirements.

## **Employee and Representative Hiring**

8.1114.13 A CMI shall have in place screening procedures to ensure high standards when hiring employees, appointing officers<sup>4</sup> and representatives.

<sup>4</sup> "Officer" –

## Training

~~8.12~~14.14 A CMI shall take all appropriate steps to ensure that its employees ~~and~~<sup>5</sup> officers ~~and representatives~~ (whether in Singapore or ~~overseas~~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;~~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 ~~terrorist~~terrorism financing; and
- (c) the CMI's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of employees ~~and~~<sup>5</sup> officers ~~and representatives~~ in combating money laundering and ~~terrorist~~terrorism financing.

[SFA04-N02 (Amendment) 2013]

## ~~11~~ PERSONAL DATA

~~11.1~~ For the purposes of paragraph ~~11~~—

- (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”—~~
  - (i) ~~in relation to a company, means any director or any natural person having executive authority in the company;~~

- (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.~~

<sup>5</sup> ~~“Officer”—~~

- (a) ~~in relation to a CMI that is a body corporate (other than a limited liability partnership), means any director or any member of the committee of management of the body corporate;~~
- (b) ~~in relation to a CMI that is a partnership (including a limited liability partnership), means any partner and manager (in the case of a limited liability partnership); and~~
- (c) ~~in relation to a CMI that is a body unincorporate (other than a partnership), means any member of the committee of management of the body unincorporate,~~

~~where applicable.~~

~~(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.~~

~~11.2 Subject to paragraph 11.3 and for the purposes of complying with this Notice, a CMI 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 CMI;~~

~~(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 CMI; and~~

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

~~11.3 A CMI 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 CMI:~~

~~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, any other personal data of the respective~~

~~individual provided by that individual to the CMI; 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 CMI is satisfied that there are reasonable grounds for such request.~~

~~11.4 For the purposes of complying with this Notice, a CMI 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 SFA04-N02 (Amendment) 2014]~~

#### Endnotes on History of Amendments

- ~~1. MAS Notice SFA04-N02 (Amendment) 2009 dated 2 July 2007 with effect from 2 July 2007.~~
  - ~~1. (a) MAS Notice SFA04-N02 (Amendment) 2009 with effect from 3 July 2009.~~
  - ~~2. (b) MAS Notice SFA04-N02 (Amendment) 2009 ~~dated~~with effect from 2 December 2009.~~
  - ~~3. (c) MAS Notice SFA04-N02 (Amendment) 2012 ~~dated~~with effect from 7 August 2012.~~
  - ~~4. (d) MAS Notice SFA04-N02 (Amendment) 2013 ~~dated~~with effect from 23 January 2013.~~
  - ~~(e) MAS Notice SFA04-N02 (Amendment) 2014 with effect from 1 July 2014.~~
- ~~5.2. MAS Notice SFA04-N02 (Amendment) 2014 dated 1 July 2014 ~~dated~~ 2 July 2007 ~~cancelled with effect from (xxxx)~~.~~
- ~~3. MAS Notice SFA04-N02 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.