

ANNEX J: PROPOSED KEY AMENDMENTS TO MAS NOTICE PSOA-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 ([NRA¹](#)). 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 PSOA-N02 will include new obligations for holders of relevant stored value facilities to identify and assess the overall ML/TF risks they face as an institution and to take commensurate steps to mitigate these risks effectively. Holders of relevant stored value facilities 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 New Products, Practices and Technologies – Paragraphs 5.1 to 5.3

MAS Notice PSOA-N02 will be amended to include new risk assessment and mitigation requirements in relation to new products, practices and technologies.

1.3 Reasonable Grounds for Suspicion – Paragraphs 6.2, 6.30 and 6.31

1.3.1 MAS had previously explained in its response to the feedback in its March 2013 Consultation Paper to Designate Tax Crimes as Money Laundering Predicate Offences in Singapore, its supervisory expectations with respect to deterring illicit monies arising from

¹ http://www.mas.gov.sg/~media/resource/news_room/press_releases/2014/Singapore%20NRA%20Report.pdf

tax evasion which is now part of the predicate offences pursuant to [Singapore's AML regime](#)².

1.3.2 MAS Notice PSOA-N02 will include the following new obligations:

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

1.4 Customer Screening - Paragraphs 6.43 to 6.45

1.4.1 MAS Notice PSOA-N02 will be amended to include new obligations for holders of relevant stored value facilities 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 (including end-users).

1.4.2 A screening process is fundamental to managing ML/TF risks. Holders of relevant stored value facilities 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 holders of relevant stored value facilities to identify higher risk customer relationships. Holders of relevant stored value facilities 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 <http://statutes.agc.gov.sg/aol/search/display/view.w3p?page=0;query=Compld%3Ae656bc3e-f045-429e-8eda-b16a8c26a419;rec=0;resUrl=http%3A%2F%2Fstatutes.agc.gov.sg%2Faol%2Fbrowse%2FtitleResults.w3p%3Bletter%3DC%3Btype%3DactsAll#legis>

1.5 Correspondent Accounts – Paragraph 10

MAS Notice PSOA-N02 will be amended to include new obligations for holders of relevant stored value facilities when they provide correspondent account or other similar services to a financial institution that is operating outside Singapore.

2 CLARIFICATION OF EXISTING EXPECTATIONS

2.1 Relevant Stored Value Facility – Paragraph 2.1

MAS Notice PSOA-N02 will be amended to clarify the threshold amount for classification as a relevant stored value facility.

2.2 Customers and End-users – Paragraph 2.1

MAS Notice PSOA-N02 will be amended to clarify the definition of what constitutes a customer of holders of relevant stored value facilities. Existing obligations for relevant stored value facility holders will also be clarified to take into account end-users when identifying and verifying the identities of beneficial owners of customers.

2.3 Customer Due Diligence – Paragraph 6.3

MAS Notice PSOA-N02 will be amended to clarify existing obligations for holders of relevant stored value facilities to conduct customer due diligence for all customers when business relations are established or if the holder has suspicions of money laundering or terrorism financing or doubts the veracity or adequacy of any information previously obtained.

2.4 Ongoing Monitoring – Paragraph 6.29 – 6.30

MAS Notice PSOA-N02 will be amended to outline requirements for holders of relevant stored value facilities to monitor, on an ongoing basis, its business relations with customers.

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

2.5.1 The revised MAS Notice PSOA-N02 will provide further elaboration of the cascading measures holders of relevant stored value facilities 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. Holders of relevant stored value facilities 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, holders of relevant stored value facilities 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), holders of relevant stored value facilities 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, holders of relevant stored value facilities will need to identify the trustee(s), settlor, protector (where applicable), beneficiaries, and any natural person exercising ultimate ownership or control over the trust, as well as take reasonable measures to verify their identities.

2.6 Simplified Customer Due Diligence – Paragraphs 7.2 – 7.4

MAS Notice PSOA-N02 will be amended to clarify existing expectations that holders of relevant stored value facilities shall not conduct simplified due diligence for customers whose cumulative stored value is more than S\$1,000. Relevant stored value facility holders shall be required to verify the identity of all such customers as soon as it is reasonably practicable.

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 PSOA-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 PSOA-N02 will set out requirements to take into account countries and jurisdictions identified by the FATF as higher risk. Holders of relevant stored value facilities 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 PSOA-N02 will now specify requirements for holders of relevant stored value facilities 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 PSOA-N02 will now clarify requirements in relation to record-keeping of CDD information and records relating to a transaction.

3 DRAFT MAS NOTICE PSOA-N02

MAS Notice PSOA-N02
[] 2014

NOTICE TO HOLDERS OF STORED VALUE FACILITIES
MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM - HOLDERS OF STORED VALUE FACILITIES

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 holders, as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A), of relevant stored value facilities (“relevant holders”) in Singapore.
- 1.2 This Notice shall take immediate effect. MAS Notice PSOA-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 relevant holder, means the natural person who ultimately owns or controls a customer, or the natural person (including the end-user) on whose behalf a transaction is conducted or business relations are established and includes any person who exercises ultimate effective control over a legal person or legal arrangement;

“business relations” means the opening or maintenance of an account by the relevant holder in the name of a person (whether a natural person, legal person or legal arrangement);

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

“connected party” —

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

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

“customer”, in relation to a relevant holder, means a person (whether a natural person, legal person or a legal arrangement) with whom the relevant holder establishes or intends to establish business relations;

“end-user” means the natural person who is the ultimate user of a relevant stored value facility;

“FATF” means the Financial Action Task Force;

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

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

“holder” has the same meaning as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A);

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

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

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

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

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

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

“relevant holder” means a holder of a relevant stored value facility;

“relevant stored value facility” means a stored value facility which is able to contain, and make available to the customer, stored value of more than S\$1,000;

“stored value facility” has the same meaning as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A);

“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 Payment Systems (Oversight) Act (Cap. 222A).

3 UNDERLYING PRINCIPLES

- 3.1 This Notice is based on the following principles, which shall serve as a guide for all relevant holders in the conduct of their operations and business activities:
- (a) A relevant holder shall exercise due diligence when dealing with customers, persons appointed to act on the customer’s behalf and beneficial owners.
 - (b) A relevant holder 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 relevant holder 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 relevant holder 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 relevant holder has operations in; and
 - (d) the products, services, transactions and delivery channels of the relevant holder.
- 4.2 The appropriate steps referred to in paragraph 4.1 shall include —
- (a) documenting the relevant holder'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 relevant holder 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 relevant holder 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 relevant holder 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 relevant holder 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 relevant holder 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 relevant holder 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 relevant holder has reasonable grounds to suspect that the assets or funds of a prospective customer, with whom the relevant holder intends to establish business relations, 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 relevant holder shall —
- (a) not establish business relations; and

- (b) file an STR¹, and extend a copy to the Authority for information.

When CDD measures are to be Performed

- 6.3 A relevant holder shall perform CDD measures in accordance with this Notice when —
- (a) the relevant holder establishes business relations with any customer;
 - (b) there is a suspicion of money laundering or terrorism financing, notwithstanding that the relevant holder would otherwise not be required by this Notice to perform CDD measures; or
 - (c) the relevant holder has doubts about the veracity or adequacy of any information previously obtained.
- 6.4 Where a relevant holder 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 relevant holder 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 relevant holder shall identify each customer.
- 6.6 For the purpose of paragraph 6.5, a relevant holder 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).

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

- 6.7 Where the customer is a legal person or legal arrangement, the relevant holder 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 relevant holder 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 relevant holder shall, apart from identifying the customer, also identify the partners and managers².
- 6.10 Where the customer is a legal arrangement, the relevant holder 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 relevant holder 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 relevant holder shall retain copies of all reference source documents, data or information used to verify the identity of the customer.

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

- 6.13 Where the customer appoints one or more natural persons to act on his behalf in establishing business relations with the relevant holder or the customer is not a natural person, a relevant holder 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 relevant holder shall verify the due authority of such persons to act on behalf of the

² In the case of limited liability partnerships and limited partnerships.

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 relevant holder shall only be required to obtain such information as may be required to confirm that the customer is a Singapore Government entity as asserted.

(IV) Identification and Verification of Identity of Beneficial Owners

6.16 Subject to paragraph 6.21, a relevant holder 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 relevant holder 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 relevant holder shall understand the nature of the customer's business and its ownership and control structure.

6.19 For customers that are legal persons, the relevant holder 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 relevant holder 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 relevant holder shall not be required to inquire if there exists any beneficial owner (other than an end-user), 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 relevant holder 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 relevant holder 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 relevant holder 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 relevant holder shall monitor on an ongoing basis, its business relations with customers.

6.25 A relevant holder 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 relevant holder's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

6.26 A relevant holder 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 relevant holder shall put in place adequate systems and processes, commensurate with the size and complexity of the relevant holder 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 relevant holder 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 relevant holder 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 relevant holder considers it appropriate to retain the customer —

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

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

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

Non-Face-to-Face Verification

6.32 A relevant holder 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 relevant holder 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 relevant holder 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 Relevant Holder on Identification and Verification Already Performed

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

Timing for Verification

6.36 Subject to paragraphs 6.37 and 6.38 of this Notice, a relevant holder 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 before the relevant holder establishes business relations with a customer.

- 6.37 A relevant holder 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 relevant holder.
- 6.38 Where the relevant holder 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 relevant holder shall adopt internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification and complete such verification as soon as is reasonably practicable.

Where CDD Measures are Not Completed

- 6.39 For the purposes of paragraph 6.40, a reference to the completion of CDD measures is a reference to the situation when the relevant holder has obtained, screened and verified all necessary CDD information under paragraphs 6, 7 and 8 of this Notice, and where the relevant holder has received satisfactory responses to all inquiries in relation to such necessary CDD information.
- 6.40 Where the relevant holder is unable to complete CDD measures, it shall not establish or continue business relations with any customer. The relevant holder shall consider if the circumstances are suspicious so as to warrant the filing of an STR.

Joint Account

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

Existing Customers

- 6.42 A relevant holder 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

- 6.43 A relevant holder 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.
- 6.44 A relevant holder shall screen the persons referred to in paragraph 6.43 —
- (a) when, or as soon as reasonably practicable after, the relevant holder establishes business relations with the customer;
 - (b) on a periodic basis after the relevant holder establishes business relations with the customer; and
 - (c) 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 relevant holder; or
 - (ii) natural persons appointed to act on behalf of a customer, connected parties or beneficial owners of a customer.
- 6.45 The results of screening and assessment by the relevant holder shall be documented.

7 SIMPLIFIED CUSTOMER DUE DILIGENCE

- 7.1 Subject to paragraph 7.4, a relevant holder 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 relevant holder, 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 relevant holder.
- 7.4 No relevant holder shall perform simplified CDD measures in the following circumstances:

- (a) where a customer's relevant stored value facility has held more than S\$1,000 cumulatively;
- (b) where the customers are from or in countries and jurisdictions identified by the FATF as higher risk countries or jurisdictions;
- (c) where the customers are from or in countries and jurisdictions known to have inadequate AML/CFT measures, as determined by the relevant holder for itself or notified to relevant holders generally by the Authority or by other foreign regulatory authorities; or
- (d) where the relevant holder suspects that money laundering or terrorism financing is involved.

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

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

Other High Risk Categories

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

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

8.7 A relevant holder shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the relevant holder 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);
- 9.2 Subject to paragraph 9.3, a relevant holder 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 relevant holder 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 relevant holder 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 relevant holders 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 relevant holder’s request, any document obtained by the third party with respect to the CDD measures applied on the relevant holder’s customer, which the relevant holder would be required or would want to obtain.
- 9.3 No relevant holder shall rely on a third party to conduct ongoing monitoring of business relations with customers.
- 9.4 Where a relevant holder 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 relevant holder shall remain responsible for its AML/CFT obligations in this Notice.

10 CORRESPONDENT ACCOUNTS

10.1 Paragraph 10 applies to a relevant holder when it provides correspondent account or other similar 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 relevant holder and a respondent financial institution, for the relevant holder to provide access to a relevant stored value facility, whether for the respondent financial institution as principal or for that respondent financial institution’s customers;

“payable-through account” means an account maintained with the relevant holder 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;

“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; and

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

10.3 A relevant holder in Singapore shall perform the following measures when providing correspondent account or other similar 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 relevant holder and the respondent financial institution; and
 - (c) obtain approval from the relevant holder's senior management to provide new correspondent account or similar services.
- 10.4 Where the correspondent account or similar services involve a payable-through account, the relevant holder 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 relevant holder upon request.
- 10.5 The relevant holder shall document the basis for its satisfaction that the requirements in paragraphs 10.3 and 10.4 are met.
- 10.6 No relevant holder shall enter into or continue correspondent account services or other similar 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 relevant holder shall also take appropriate measures when providing correspondent account services or other similar relations, to satisfy itself that its respondent financial institutions do not permit their accounts to be used by shell financial institutions.

11 RECORD KEEPING

- 11.1 A relevant holder 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 relevant holder 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 relevant holder are able to review the relevant holder's business relations, transactions, records and CDD information and assess the level of compliance with this Notice; and
- (d) the relevant holder 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 relevant holder 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 relevant holder's assessment of the results), and other documents relating to the business relations, transactions undertaken in the course of business relations, 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 undertaken in the course of business relations, 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 relevant holder 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 relevant holder shall retain records of documentation, data and information on all its business relations with or transactions undertaken in the course of business relations 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.

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

12.3 A relevant holder 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 relevant holder:
 - (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 relevant holder; and
- (b) subject to section 22(7) and the Sixth Schedule to the Personal Data Protection Act 2012, correct an error or omission in relation to the types of personal data set out in paragraphs (a)(i) to (vi), provided the relevant holder is satisfied that there are reasonable grounds for such request.

- 12.4 For the purposes of complying with this Notice, a relevant holder 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 relevant holder shall keep in mind the provisions in the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A)³ 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 relevant holder 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 relevant holder 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 relevant holder 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 relevant holder, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

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

14 INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING

- 14.1 A relevant holder 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.

Compliance

- 14.3 A relevant holder shall develop appropriate compliance management arrangements, including at least, the appointment of a management level officer as the AML/CFT compliance officer.
- 14.4 A relevant holder 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

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

Employee Hiring

- 14.6 A relevant holder shall have in place screening procedures to ensure high standards when hiring employees and appointing officers⁴.

Training

- 14.7 A relevant holder shall take all appropriate steps to ensure that its employees and officers (whether in Singapore or elsewhere) are suitably qualified, and regularly and appropriately trained on —

⁴ "Officer" –

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

- (a) 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 relevant holder's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of employees and officers in combating money laundering and terrorism financing.

Endnotes on History of Amendments

1. MAS Notice PSOA-N02 dated 2 July 2007 with effect from 2 July 2007.
 - (a) MAS Notice PSOA-N02 (Amendment) 2009 with effect from 3 July 2009.
 - (b) MAS Notice PSOA-N02 (Amendment) 2009 with effect from 2 December 2009.
 - (c) MAS Notice PSOA-N02 (Amendment) 2013 with effect from 23 January 2013.
 - (d) MAS Notice PSOA-N02 (Amendment) 2014 with effect from 1 July 2014.
2. MAS Notice PSOA-N02 dated 2 July 2007 cancelled with effect from (xxxx).
3. MAS Notice PSOA-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);
 - (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 PSOA-N02 (TRACKED CHANGES)

MAS Notice PSOA-N02

~~5 November 2007~~

~~Last revised on 1 July [] 2014
(Refer to endnotes for history of amendments)~~

NOTICE TO HOLDERS OF STORED VALUE FACILITIES
MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM - HOLDERS OF STORED VALUE FACILITIES

1 INTRODUCTION

1.1 This Notice is issued pursuant to ~~Section~~section 27B of the Monetary Authority of Singapore Act (Cap. 186) and applies to all holders, as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A), of relevant stored value facilities (“relevant holders”) in Singapore.

~~The~~1.2 This Notice shall take immediate effect ~~on 12 November. MAS Notice PSOA-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 ~~user~~customer of a ~~stored value facility~~relevant holder, means the natural person who ultimately owns or controls ~~the user~~a customer, or the natural person (including the end-user) on whose behalf a ~~relevant~~ transaction is ~~being~~ conducted or business relations are established and includes ~~the any~~ person who exercises ultimate effective control over a ~~body~~corporatelegal person or ~~unincorporate~~legal arrangement;

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

~~“business relations” means the opening or maintenance of an account by the relevant holder in the name of a person (whether a natural person, legal person or legal arrangement);~~

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

~~“connected party” —~~

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

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

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

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

~~“customer”, in relation to a relevant holder, means a person (whether a natural person, legal person or a legal arrangement) with whom the relevant holder establishes or intends to establish business relations;~~

~~“end-user” means the natural person who is the ultimate user of a relevant stored value facility;~~

~~“FATF” means the intergovernmental body known as the Financial Action Task Force created in 1989;~~

~~“FATF Recommendations” means the Forty Recommendations adopted by the FATF on Money Laundering at its plenary meeting on 20 June 2003, the Special Recommendations on Terrorist Financing adopted by the FATF at its plenary meeting on 31 October 2001 and the Special Recommendation IX on Terrorist Financing adopted by the FATF at its plenary meeting on 20 to 22 October 2004, as well as any amendments to the said Recommendations;~~

~~“financial group” means a group that consists of a legal person or legal arrangement~~

exercising control and coordinating functions over the rest of the group for the application of group supervision under the Core Principles, and its branches and subsidiaries that are subject to AML/CFT policies and procedures at the group level;

“government entity” means a government of a country or jurisdiction, a ministry within such a government, or an agency specially established by such a government through written law, ~~but does not include a company that is wholly owned or controlled by a government;~~;

“holder” has the same meaning as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A);

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

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

“partnership” means a partnership, a limited partnership within the meaning of the Limited Partnerships Act (Cap. 163B) or a limited liability partnership within the meaning of the Limited Liability Partnerships Act (Cap. “redemption”, in relation to a relevant stored value facility, means using the stored value of the facility or any part of it to purchase goods or services;

“refund”, in relation to 163A);

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

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

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

“relevant holder” means a holder of a relevant stored value facility, means the conversion of unused stored value of the facility to a sum of money;;

“relevant transaction”, in relation to a relevant stored value facility, means—

~~(a) the purchase of the facility;~~

~~(b) payment of a sum of money to add to the stored value of the facility;~~

~~(c) a redemption; or~~

~~(d) a refund;~~

~~“relevant stored value facility” means, in relation to a holder,~~ a stored value facility which is able to contain, and make available to the ~~user~~customer, stored value of ~~not less~~more than S\$1,000;

“stored value facility” ~~has the~~ same meaning as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A);-

“STR” means suspicious transaction report; and

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

~~“due diligence measures” or “DD measures” means the duties imposed on the holder of a relevant stored value facility by paragraph 4 of this Notice; and~~

~~“user”, in relation to a relevant stored value facility, means a person who purchases or acquires the facility.~~

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 — A reference to the completion of performance of the DD measures is a reference to the situation when the holder has received satisfactory responses to all inquiries relating to those measures.~~

~~3 —~~

~~3.1 — Unless the context otherwise requires, a reference to a financial institution licensed, approved, registered or regulated by the Authority under any law does not include a reference to any person who is exempted from being licensed, approved, registered or regulated by the Authority.~~

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 Payment Systems (Oversight) Act (Cap. 222A).

43 UNDERLYING PRINCIPLES

4.13.1 This Notice is based on the following principles, which shall serve as a guide for all ~~holders of relevant stored value facilities~~holders in the conduct of their operations and

business activities:

- (a) ~~(a) ——— The~~ A relevant holder ~~must~~shall exercise due diligence when dealing with ~~users of that facility, beneficial owners of those users and other customers,~~ persons appointed to act on ~~those users'~~the customer's behalf and beneficial owners.
- (b) ~~(b) ——— The~~ A relevant holder ~~must~~shall conduct ~~his~~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 which~~ may facilitate money laundering or terrorism financing.
- (c) ~~(c) ——— The~~ A relevant holder ~~should, whenever 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 terrorism financing.

4 ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH

Risk Assessment

4.1 A relevant holder 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 relevant holder has operations in; and
- (d) the products, services, transactions and delivery channels of the relevant holder.

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

- (a) documenting the relevant holder'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 relevant holder 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 relevant holder 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 relevant holder 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 relevant holder 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 relevant holder 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.

56 CUSTOMER DUE DILIGENCE (“CDD”)

Anonymous or Fictitious Account

5.16.1 No relevant holder 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 relevant holder has reasonable grounds to suspect that the assets or funds of a prospective customer, with whom the relevant holder intends to establish business relations, 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 relevant holder shall —

- (a) not establish business relations; and
- (b) file an STR¹, and extend a copy to the Authority for information.

When ~~Due Diligence~~CDD measures are to be Performed

5.26.3 ~~The holder of a~~ relevant ~~stored value facility~~holder shall perform ~~DD~~CDD measures in accordance with this Notice when —

- (a) ~~(a) a user purchases the facility or obtains a refund in relation to that facility;~~
- (a) ~~(b) the relevant holder establishes business relations with any customer;~~
- (b) there is a suspicion of money laundering or ~~terrorist~~terrorism financing, notwithstanding that the relevant holder would otherwise not be required by this Notice to perform ~~DD~~CDD measures; or
- (c) ~~(c)~~ the relevant holder has doubts about the veracity or adequacy of any information previously obtained.

6.4 Where a relevant holder 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 relevant holder shall treat the transactions as a single transaction and aggregate their

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

values for the purpose of this Notice.

CDD Measures

(I) Identification of ~~Users~~ Customers

~~5.3~~ The holder of a relevant stored value facility shall establish the identity of a user who purchases the facility or obtains a refund in relation to that facility.

~~6~~

6.5 A relevant holder shall identify each customer.

~~6.16.6~~ For the ~~purposes~~purpose of paragraph 4.2, ~~the~~6.5, a relevant holder shall obtain and record ~~at least~~information of the customer, including but not limited to the following ~~information of the user~~:

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

6.7 Where the ~~user~~customer is a ~~company, the legal person or legal arrangement, the relevant~~ holder shall, ~~apart from identifying the customer, also establish the identities of all~~identify the legal form, constitution and powers of the legal person or legal arrangement.

~~6.26.8~~ Where the customer is a legal person (other than a partnership), the relevant holder shall, ~~apart from identifying the customer, also identify the directors of the company as if such directors were themselves users making the purchase or obtaining and any other natural persons having executive authority in the refund.~~legal person.

6.9 Where the ~~user~~customer is a ~~partnership or a limited liability~~ partnership, the ~~relevant~~ holder shall ~~also establish, apart from identifying the identities of all~~customer, also

identify the partners ~~as if such partners were themselves users making and managers².~~

~~6.36.10~~ Where the purchase or obtaining customer is a legal arrangement, the refund relevant holder shall, apart from identifying the customer, also identify the natural persons having executive authority in that legal arrangement.-

~~14.8~~ Where the user is any other body corporate or unincorporate, the holder shall also establish the identities of the persons having executive authority in that body as if such persons were themselves users making the purchase or obtaining the refund.

(II) Verification of ~~Identities of Users~~ Identity

~~6.46.11~~ The holder of a ~~A~~ relevant stored value facility holder shall verify the identity of a user who purchases the facility customer, and where the customer is a legal person or obtains a refund in relation to that facility legal arrangement, verify the legal form, proof of existence, constitution and powers of the legal person or legal arrangement, using reliable and, independent source source documents, data or information.

~~6.56.12~~ The ~~A~~ relevant holder shall retain copies of all reference source documents, data or information used in establishing and verifying to verify the identity of each user the customer.

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

~~6.13~~ Where a user (including one who is not a natural person) the customer appoints a one or more natural person persons to act on his behalf to purchase any in establishing business relations with the relevant stored value facility or obtain a refund in relation to such facility, the holder or the customer is not a natural person, a relevant holder shall
==

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

(b) ~~establish~~ verify the identity of the person by obtaining at least the information of the person referred to in paragraph 4.3 (a) to (e);

(c) ~~—~~

(d)(b) ~~—~~ verify his identity these persons using reliable and, independent source source documents, data or information; and

(e)(c) ~~—~~ retain copies of all reference source documents, data or information used to verify his the identity of these persons.

² In the case of limited liability partnerships and limited partnerships.

~~6.66.14~~ The A relevant holder shall verify the due authority of ~~the persons~~ such persons to act on behalf of the ~~user~~ 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.

~~6.76.15~~ Where the ~~person asserts that he~~ customer is acting on behalf of a ~~government~~ Singapore Government entity, the relevant holder ~~needs~~ shall only be required to obtain such information as ~~is sufficient~~ may be required to confirm that the ~~user is the government~~ customer is a Singapore Government entity ~~seas~~ asserted.

(IV) Identification and Verification of ~~Identities~~ Identity of Beneficial Owners

~~6.86.16~~ Subject to paragraph ~~4.15, the holder of~~ 6.21, a relevant stored value facility holder shall inquire ~~of a user seeking to purchase the facility or obtain a refund in relation to the facility~~ if there exists any beneficial owner in relation to ~~the user~~ a customer.

~~6.96.17~~ ~~When the holder becomes aware, whether pursuant to the inquiry or otherwise, that~~ Where there is one or more beneficial ~~owners~~ owner in relation to a customer, the ~~user~~ relevant holder shall identify the beneficial owners and take reasonable measures to ~~obtain information sufficient to identify and verify the identity~~ identities of ~~each beneficial owner~~ the beneficial owners, using the relevant information or data obtained from reliable, independent sources.

~~6.106.18~~ Where the ~~user~~ customer is not a natural person, the relevant holder shall ~~take reasonable measures to understand the nature of the customer's business and its ownership and control structure~~ of the user.

~~6.19~~ ~~The~~ For customers that are legal persons, the relevant holder 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 relevant holder 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).

6.116.21 A relevant holder shall not be required to inquire if there exists any beneficial owner (other than an end-user), in relation to a user/customer that is —

(a) — a Singapore Government entity;

(a)(b) a foreign government entity;

(b)(c) — a public company/an entity listed on the Singapore Exchange;

(d) — a public company/an entity listed on a stock exchange outside of Singapore that is subject to —

(i) regulatory disclosure requirements; and

(c) — a financial institution licensed, approved, registered or regulated by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence under the Money Changing and Remittance Businesses Act (Cap. 187), unless specifically notified by the Authority);

(d) —

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

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

(e)(f) a financial institution incorporated or established in a country outside Singapore that is subject to, and supervised for compliance with, AML/CFT requirements consistent with standards set by the FATF Recommendations; or

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

(i) — licensed, approved, registered or regulated by the Authority (other than

~~a holder of a money changer's licence or a holder of a remittance licence under the Money Changing and Remittance Businesses Act (Cap. 187), unless specifically notified by the Authority); or~~

~~(i) set out in Appendix 1; or~~

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

unless the relevant holder 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.

6.126.22 For the purposes of paragraphs ~~4.15(e) and 4.156.21(f) and 6.21(g)(ii)~~, thea relevant holder shall document the basis for its determination that the requirements in those paragraphs have been duly met.

Review of Relevant Transactions

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

6.23 A relevant stored value facility deals with any request for a relevant transaction, holder 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 relevant holder shall review the earlier monitor on an ongoing basis, its business relations with customers.

6.136.25 A relevant holder shall, during the course of business relations with a customer, observe the conduct of the customer's account and scrutinise transactions (if any) undertaken by the user concerned throughout the course of business relations to ensure that the current transaction is transactions are consistent with his the relevant holder's knowledge of the user customer, its business and risk profile and where appropriate, the source of funds.

6.146.26 TheA relevant holder shall pay special attention to all complex or unusually large relevant transactions or unusual patterns of relevant transactions in respect of that facility, that have no apparent or visible economic or lawful purpose.

6.27 TheFor the purposes of ongoing monitoring, a relevant holder shall put in place

adequate systems and processes, commensurate with the size and complexity of the relevant holder to —

(a) monitor its business relations with customers; and

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

6.156.28 A relevant holder shall, to the extent possible, inquire into the background and purpose of the ~~relevant business~~ transactions referred to in paragraph 4.186.26 and document its findings with a view to making this information available to the relevant ~~competent~~ authorities in Singapore, including the Authority, should the need arise.

6.29 A relevant holder 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 relevant holder considers it appropriate to retain the customer —

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

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

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

Non-Face-to-Face Verification

6.166.32 ~~The holder of a~~ relevant ~~stored value facility~~holder shall put in place policies and procedures to address any specific risks associated with non-face-to-face ~~relevant~~business relations with a customer or transactions for a customer.

~~The~~

6.176.33 A relevant holder shall implement the policies and procedures referred to in paragraph 4.206.32 when establishing business relations with a user purchases the facility or obtains a refund in relation to that facilitycustomer and when conducting a ~~review of relevant transactions under paragraphs 4.17 to 4.19.~~ongoing due diligence.

~~6.186.34~~ Where there is no face-to-face contact, the relevant holder shall carry out DD/CDD measures that are as stringent as those that would be required to be performed if there were face-to-face contact.

~~Time for Performing Due Diligence Measures~~

~~14.9~~ Subject to paragraph 4.24, the holder of a relevant stored value facility shall complete performing all applicable DD measures before allowing any user to purchase the facility or obtain a refund in relation to the facility.

~~4.24~~ The holder may allow any user to purchase the facility before completing performance of DD measures if —

~~Reliance by Acquiring Relevant Holder on Identification and Verification Already Performed~~

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

~~Timing for Verification~~

~~6.36~~ Subject to paragraphs 6.37 and 6.38 of this Notice, a relevant holder 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 before the relevant holder establishes business relations with a customer.

~~6.37~~ A relevant holder 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 ~~such~~ 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 relevant holder.

~~6.196.38~~ ~~4.25~~—Where the relevant holder ~~allows the user to purchase the facility~~establishes business relations with a customer before ~~completion~~verifying the identity of ~~performance~~the customer (including as required by paragraph 6.11), natural persons appointed to act on behalf of ~~DD measures~~a customer, and beneficial owners of a customer, the relevant holder shall adopt internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification and complete those measuressuch verification as soon as is reasonably practicable.

Where Due Diligence~~CDD~~ Measures are Not Completed

~~6.39~~ ~~4.26~~—For the purposes of paragraph 6.40, a reference to the completion of CDD measures is a reference to the situation when the relevant holder has obtained, screened and verified all necessary CDD information under paragraphs 6, 7 and 8 of this Notice, and where the relevant holder has received satisfactory responses to all inquiries in relation to such necessary CDD information.

~~6.206.40~~—Where the ~~holder of a relevant stored value facility~~holder is unable to complete ~~performing~~DD~~CDD~~ measures, ~~he~~it shall ~~terminate the facility and not establish or continue business relations with any customer. The relevant holder shall consider if the circumstances are suspicious so as to warrant the filing of an STR in accordance with the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A).~~

Joint Account

~~6.41~~ In the case of a joint account, a relevant holder shall perform CDD measures on all of the joint account holders as if each of them were individually customers of the relevant holder.

Existing Users~~Customers~~

~~6.216.42~~ ~~4.27~~—The holder of ~~a~~a relevant ~~stored value facility~~holder shall ~~perform such~~DD~~apply CDD measures as may be appropriate to its existing users having regard to his~~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

~~6.43~~ A relevant holder 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.

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

- (a) when, or as soon as reasonably practicable after, the relevant holder establishes business relations with the customer;
- (b) on a periodic basis after the relevant holder establishes business relations with the customer; and
- (c) 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 relevant holder; or
 - (ii) natural persons appointed to act on behalf of a customer, connected parties or beneficial owners of a customer.

6.45 The results of screening and assessment by the relevant holder shall be documented.

7 SIMPLIFIED CUSTOMER DUE DILIGENCE

7.1 ~~5.1~~—Subject to paragraph ~~5.2~~, ~~the holder of 7.4~~, a relevant ~~stored value facility~~holder may perform such simplified ~~DDCDD~~ measures as ~~he~~it considers adequate to effectively identify and verify the identity of ~~the user, as a customer, any~~ natural person appointed to act on ~~the user's behalf~~ behalf of a customer, any connected party of a customer and any beneficial owner of a customer, if ~~he~~it is satisfied that the risks of money laundering and ~~terrorist~~terrorism financing are low.

7.2 The ~~holder shall not perform~~ assessment of low risks shall be supported by an adequate analysis of risks by the relevant holder, taking into account any information that may be provided by the Authority, and other relevant authorities in Singapore.

7.3 The simplified ~~DDCDD~~ measures shall be commensurate with the level of risk, based on the risk factors identified by the relevant holder.

7.27.4 No relevant holder shall perform simplified CDD measures in the following circumstances:

- (a) ~~where the users~~where a customer's relevant stored value facility has held more than S\$1,000 cumulatively;
- (b) where the customers are from or in countries and jurisdictions identified by the FATF as higher risk countries or jurisdictions;

~~(a)(c)~~ where the customers are from or in countries and jurisdictions known to have inadequate ~~laws for preventing money laundering or terrorism financing~~AML/CFT measures, as determined by the relevant holder for ~~himself~~itself or notified to relevant holders generally by the Authority or by other foreign regulatory authorities; or

~~[MAS Notice PSOA-N02 (Amendment) 2009]~~

~~(b)(d)~~ where the relevant holder suspects that money laundering or ~~terrorist~~terrorism financing is involved.

~~[MAS Notice PSOA-N02 (Amendment) 2009]~~

5

~~7.37.5~~ Subject to paragraphs 7.2 and 7.3—~~The, a relevant~~ holder may perform simplified DDCDD measures ~~for in relation to a user~~customer that is a financial institution ~~licensed, approved, registered or regulated by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence under the Money Changing and Remittance Businesses Act (Cap. 187), unless specifically notified by the Authority).~~set out in Appendix 2.

~~7.47.6~~ 5.4—Where the relevant holder performs simplified DDCDD measures in relation to a ~~user, he~~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) ~~(a)~~ — the details of his risk assessment; and

(b) ~~(b)~~ — the nature of the simplified DDCDD measures.

8 ENHANCED CUSTOMER DUE DILIGENCE

Enhanced Due Diligence Measures for Politically Exposed Persons

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

~~—~~ “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—whether in Singapore or—;

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

“foreign politically exposed person” means a natural person who is or has been entrusted with prominent public functions by a foreign country;
[MAS Notice PSOA N02 (Amendment) 2009]

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

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

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

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

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

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

8.2 ~~The holder of a A~~ relevant ~~stored value facility holder~~ shall, in addition to performing ~~DDCDD~~ measures specified in paragraph 6, perform enhanced ~~DDCDD~~ 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) ~~implementing~~implement appropriate internal risk management systems, policies, procedures and controls to determine if a ~~user or customer, any natural person appointed to act on behalf of a customer, any connected party of a customer or any~~ beneficial owner of ~~the person (if any) a customer~~ is a politically exposed person;

(b) ~~obtaining~~obtain approval from the relevant holder’s senior management to ~~allow a user to purchase a relevant stored value facility or obtain~~ establish or continue business relations with a ~~refund in relation to the facility~~customer where the ~~user~~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; ~~and~~

(c) ~~establishing~~establish, by appropriate and reasonable means, the source

of wealth and source of funds of the ~~user~~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 relevant holder shall ensure that the enhanced CDD requirements for a politically exposed person in paragraph 8.2 shall also apply to family members and the beneficial owner of the user (if any). close associates of such a politically exposed person.~~

~~9 — Enhanced Due Diligence measures in other cases~~

~~9.1 The holder of a relevant stored value facility shall perform enhanced DD measures for such other user who seeks to purchase the facility or obtain a refund in respect of the facility as the holder may assess to present a higher risk of money laundering and terrorism financing.~~

~~8.4 Without prejudice to the generality of paragraph 6.3, enhanced DD measures shall be performed for a user from, or in, A relevant holder 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 relevant holder present a higher risk for money laundering or terrorism financing.~~

Other High Risk Categories

~~8.5 A relevant holder shall perform the appropriate enhanced CDD measures in paragraph 8.2 for such other categories of customers, business relations or transactions as the relevant holder 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 relevant holder 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 relevant holder 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

(a)(b) known to have inadequate ~~laws for preventing money laundering or terrorism financing~~ AML/CFT measures, as determined by the relevant holder for himselfself or notified to relevant holders generally by the Authority or other foreign regulatory authorities.

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

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

109 PERFORMANCE OF DUE DILIGENCE MEASURES AND ENHANCED DUE DILIGENCE 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);

10.19.2 Subject to paragraph 7.2, the holder of 9.3, a relevant stored value facility holder may use another person (referred rely on a third party to perform the CDD measures in paragraph 6 of this paragraph as an intermediary) to perform DD measures Notice if the following requirements are met:

(a) — the relevant holder is satisfied that the intermediary hethird 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 Authority has not informed the holder that he cannot rely on the intermediary or a description of intermediaries to which the intermediary belongs;~~

~~(c) —~~

~~(b) — the intermediary the relevant holder 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 relevant holders have been specifically precluded by the Authority from relying upon; and~~

~~(d) the third party is able and willing to provide, without delay, to the holder upon his request, any document obtained by the intermediary third party with respect to the CDD measures applied on the relevant holder's customer, which the relevant holder would be required or would want to obtain under this Notice.~~

[MAS Notice PSOA-N02 (Amendment) 2009]

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~~40.29.3 No relevant holder shall not use an intermediary rely on a third party to conduct a review of relevant transactions under paragraphs 4.17 to 4.19 ongoing monitoring of business relations with customers.~~

~~40.39.4 Where a relevant holder uses an intermediary relies on a third party to perform DDD the CDD measures, he it shall: —~~

~~(a) document the basis for his its satisfaction that the requirements in paragraph 7.19.2(a) and (b) have been met unless, except where the intermediary third party is a financial institution licensed, approved, registered or regulated by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence under the Money Changing and Remittance Businesses Act (Cap. 187), unless specifically notified by the Authority); and set out in Appendix 2; and~~

[MAS Notice PSOA-N02 (Amendment) 2009]

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

[MAS Notice PSOA-N02 (Amendment) 2009]

~~9.5 For the avoidance of doubt, thenotwithstanding the reliance upon a third party, the relevant holder shall remain responsible for its AML/CFT obligations in this Notice.~~

10 CORRESPONDENT ACCOUNTS

10.1 Paragraph 10 applies to a relevant holder when it provides correspondent account or other similar 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 relevant holder and a respondent financial institution, for the relevant holder ~~to provide access to a relevant stored value facility~~—remains responsible for compliance with his obligations under paragraphs 4 to 6 notwithstanding his use of an intermediary under this paragraph, whether for the respondent financial institution as principal or for that respondent financial institution’s customers;

“payable-through account” means an account maintained with the relevant holder 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;

“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; and

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

10.3 A relevant holder in Singapore shall perform the following measures when providing correspondent account or other similar 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 relevant holder and the respondent financial institution; and

(c) obtain approval from the relevant holder's senior management to provide new correspondent account or similar services.

10.4 Where the correspondent account or similar services involve a payable-through account, the relevant holder 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 relevant holder upon request.

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

10.6 No relevant holder shall enter into or continue correspondent account services or other similar 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 relevant holder shall also take appropriate measures when providing correspondent account services or other similar relations, to satisfy itself that its respondent financial institutions do not permit their accounts to be used by shell financial institutions.

11 RECORD KEEPING

11.1 The holder of a ~~A~~ relevant ~~stored value facility holder~~ shall prepare, maintain and retain documentation on all ~~relevant its business relations with and~~ transactions ~~relating to that facility for its customers~~ such that —

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

(b) — ~~each~~ any individual transaction ~~can~~ undertaken by the relevant holder

can be reconstructed (including the amounts and types of currency involved) so as to provide, if necessary, evidence for prosecution of an offencecriminal activity;

- (c) ~~the Authority or other relevant competent authorities, including in Singapore and the Authority, is~~ internal and external auditors of the relevant holder are able to review the relevant holder's business relations, transactions, records and CDD information and assess the ~~holder's~~ level of compliance with this Notice; and
- (d) ~~the relevant holder can satisfy, within thea reasonable time or any more specific time period imposed by law or by the requesting authority, any enquiry or order for information from the Authority or other relevant competent authorities in Singapore~~ for information.

11.2 Subject to paragraph ~~8~~11.4 and any other requirements imposed by ~~any other~~ law, ~~thea~~ relevant holder shall, when setting its record retention policies, comply with the following document retention periods:

(a) ~~retain forfor CDD information (including the results of screening and the relevant holder's assessment of the results), and other documents relating to the business relations, transactions undertaken in the course of business relations, as well as account files, business correspondence and results of any analysis undertaken, a period of at least 5 years following the termination of the facility, all information identifying the user (including information in respect of which the holder has not completed performing DD measures), as well as account documents and business correspondence, such business relations or completion of such transactions; and~~

~~(a) for records relating to the facility; and~~

~~(b) —~~

~~(c)(b) — retain for a period of at least 5 years following the termination of the facility, records relating to any relevant a transaction relating to that facilityundertaken in the course of business relations, including any information needed to explain and reconstruct the transaction-, a period of at least 5 years following the completion of the transaction.~~

~~The~~

11.3 A relevant holder 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 relevant holder shall retain records of documentation, data and information on all its business relations with or transactions undertaken in the course of business relations 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.

~~The holder shall retain records 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.~~

~~15 — SUSPICIOUS TRANSACTIONS REPORTING~~

~~15.1 — For the purpose of complying with section 39(1) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act and Part III of the Terrorism (Suppression of Financing) Act (Cap. 325), the holder of a relevant stored value facility shall implement appropriate internal policies, procedures and controls including at least the following:~~

~~(c) — establish a single reference point within the organisation to whom all employees of the holder are instructed to promptly refer all matters which they know or suspect may be required to be disclosed under those provisions for possible referral to the relevant competent authorities under those provisions; and
[MAS Notice PSOA-N02 (Amendment) 2013]~~

~~(d) — keep records of all matters which have been referred to the relevant authorities under those provisions, together with all internal findings and analysis done in relation to them.~~

~~15.2 — The holder shall submit reports on suspicious transactions, including attempted transactions, to STRO.~~

~~15.3 — The holder shall consider if the circumstances are suspicious so as to warrant the filing of a STR in accordance with the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A), and document the basis for its determination where —~~

~~(c) — a holder is for any reason unable to complete DD measures; or~~

~~(d) — a user is reluctant, unable or unwilling to provide any information requested by the holder, decides to withdraw a pending application to enter into a relevant transaction with the holder.~~

~~16 — INTERNAL POLICIES, AUDIT AND TRAINING~~

~~16.1 — The holder of a relevant stored value facility shall develop and implement internal policies, procedures and controls to help prevent money laundering and terrorism financing and communicate these to his employees.~~

~~[MAS Notice PSOA-N02 (Amendment) 2013]~~

~~16.2 — The policies, procedures and controls shall include at least policies, procedures and controls for performing DD measures, and his obligations under paragraphs 8 and 9.~~

~~16.3 — The holder shall take into consideration the risks of money laundering and terrorism financing that may arise as a result of the use of new or developing technologies, especially those that favour anonymity, in formulating its policies, procedures and controls.~~

~~Group Policy~~

~~16.4 — The holder of a relevant stored valued facility that is a company incorporated in Singapore shall develop a group-wide policy (where applicable) for preventing money laundering and terrorism financing and extend this to all of its branches and subsidiaries outside Singapore.~~

~~16.5 — Where the holder has a branch or subsidiary in a country or jurisdiction known to have inadequate laws for preventing money laundering or terrorism financing (as determined by the holder for himself or notified to holders generally by the Authority or by other foreign regulatory authorities), the holder shall ensure that the group policy developed under paragraph 10.4 is strictly observed by the management of that branch or subsidiary.~~

~~16.6 — Where any requirement of the law for preventing money laundering and terrorism financing of a country or jurisdiction in which the holder has a branch or subsidiary differ from that of the law of Singapore, the holder shall ensure that the management of the overseas branch or subsidiary complies with the stricter of the two, to the extent that the law of the host country or jurisdiction so permits.~~

~~16.7 — If for any reason the management of the branch or subsidiary is unable to fully comply with the higher of the two requirements in paragraph 10.6, the holder shall report this to the Authority and comply with such further directions as may be given by the Authority.~~

Compliance management arrangements

~~16.8—The holder of a relevant stored value facility shall develop appropriate compliance management arrangements, including at least the appointment of an officer holding a managerial position as an officer responsible for ensuring compliance with this Notice.~~

~~16.9—The holder shall ensure that the officer, as well as any other persons appointed to assist him, has timely access to all user records and other relevant information which they may require to discharge their functions.~~

Audit

~~16.10—The holder of a relevant stored value facility shall maintain an audit function that is adequately resourced and independent, and which is able to regularly assess the effectiveness of the holder's internal policies, procedures and controls referred to in paragraphs 10.1 to 10.3, and its compliance with this Notice.~~

Employee Hiring

~~16.11—The holder of a relevant stored value facility shall have in place screening procedures to ensure high standards when hiring employees.~~

Training

~~11.3—The holder of a relevant stored value facility shall take reasonable steps to ensure that his employees and officers (whether in Singapore or overseas) are regularly and appropriately trained on—~~

~~—AML/CFT laws and regulations, and in particular, DD measures, detecting and reporting of suspicious transactions;~~

~~—prevailing techniques, methods and trends in money laundering and terrorist financing; and~~

~~—the holder's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of employees and officers in combating money laundering and terrorist financing.~~

~~[MAS Notice PSOA-N02 (Amendment) 2013]~~

12 PERSONAL DATA

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

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

12.1 12, “individual” means a natural person, whether living or deceased; ~~and,~~

~~(a) “connected party”~~

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

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

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

~~1112.2~~ Subject to paragraph ~~1112.3~~ and for the purposes of complying with this Notice, a ~~holder of a relevant stored value facility~~holder 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 relevant holder;
- (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 relevant holder; and
- (c) any right to correct an error or omission of the personal data about the individual that is in the possession of or under the control of the relevant holder.

~~121.3~~ A ~~holder of a relevant stored value facility~~holder 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 ~~holder of a relevant stored value facility~~holder:
- (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 ~~relevant~~ holder; 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 ~~holder of a relevant stored value facility~~holder is satisfied that there are reasonable grounds for such request.

142.4 For the purposes of complying with this Notice, a ~~holder of a relevant stored value facility~~holder 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 PSOA-N02 (Amendment) 2014]~~

13 SUSPICIOUS TRANSACTIONS REPORTING

13.1 A relevant holder shall keep in mind the provisions in the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A)³ and in the Terrorism (Suppression of Financing) Act (Cap. 325) that provide for the reporting to the

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

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 relevant holder 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 relevant holder 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 relevant holder 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 relevant holder, 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 relevant holder 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.

14.14.2 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.

Compliance

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

14.4 A relevant holder 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

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

Employee Hiring

14.6 A relevant holder shall have in place screening procedures to ensure high standards when hiring employees and appointing officers⁴.

Training

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

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

Endnotes on History of Amendments

1. MAS Notice PSOA-N02 dated 2 July 2007 with effect from 2 July 2007.
 - (a) MAS Notice PSOA-N02 (Amendment) 2009 ~~dated with effect from~~ 3 July 2009.
 - (b) MAS Notice PSOA-N02 (Amendment) 2009 with effect from 2 December 2009.
 - (c) MAS Notice PSOA-N02 (Amendment) 2013 ~~dated 23~~with effect from 23 January 2013.

⁴ "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.

(d) MAS Notice PSOA-N02 (Amendment) 2014 ~~dated with effect from~~ 1 July 2014.

2. MAS Notice PSOA-N02 dated 2 July 2007 cancelled with effect from (xxxx).

3. MAS Notice PSOA-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);
 - (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.