

ANNEX K: MAS NOTICE 626A

1 PROPOSED NOTICE 626A

1.1 Credit and charge cards in Singapore are mostly issued by the banks, which are already subject to AML/CFT requirements under the MAS Notice 626. Card issuers (including banks in their capacity as card issuers) have traditionally been regulated to discourage Singaporeans and Permanent Residents from spending beyond their means. There are card network providers in Singapore, that also issue cards directly and not only through banks.

1.2 These Non-Bank Credit/Charge Card Issuers (“Non-Bank Issuers”) are already subject to existing MAS regulations¹ and have established internal AML/CFT controls. Non-Bank Issuers have not been regulated for AML/CFT given that they are less exposed to money laundering and terrorist financing (“ML/TF”) risks relative to other financial sub-sectors in Singapore. Payments to Non-Bank Issuers are typically conducted through customers’ bank accounts which are already covered by existing AML/CFT measures. However, the card-issuing sub-sector as a whole is considered by international bodies to warrant closer scrutiny given emerging typologies that involve the abuse of credit cards for ML. As part of the continuous update to MAS’s AML/CFT regulatory framework, a new Notice is therefore proposed for Non-Bank Credit and Charge Card Issuers on the Prevention of Money Laundering and Countering the Financing of Terrorism.

¹ The applicable laws are the Banking (Credit Card and Charge Card) Regulations, and most recently, the notice and guidelines on technology risk management. Card issuers are also subject to relevant regulations/notices/guidelines that are issued to all FIs e.g. regulations on sanctions, including prohibition on transactions with Iranian Government and FIs.

2 DRAFT MAS NOTICE 626A

MAS Notice 626A

[] 2014

NOTICE TO CREDIT CARD OR CHARGE CARD LICENSEES
MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM - CREDIT CARD OR CHARGE CARD LICENSEES

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 credit card or charge card licensees in Singapore (“licensees”).
- 1.2 This Notice shall take immediate effect.

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 licensee, means the natural person who ultimately owns or controls a customer, or the natural person on whose behalf a transaction is conducted or business relations are established and includes any person who exercises ultimate effective control over a legal person or legal arrangement;

“business relations” means the opening or maintenance of an account, by the licensee 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;

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

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

“FATF” means the Financial Action Task Force;

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

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

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

“licensee” means a person who is licensed to carry on the business of issuing credit cards or charge cards in Singapore under section 57B of the Banking Act (Cap.19);

“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;

“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 Banking Act (Cap. 19).

3 UNDERLYING PRINCIPLES

- 3.1 This Notice is based on the following principles, which shall serve as a guide for all licensees in the conduct of their operations and business activities:
- (a) A licensee shall exercise due diligence when dealing with customers, persons appointed to act on the customer's behalf and beneficial owners.
 - (b) A licensee 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 licensee 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 licensee 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 licensee has operations in; and
 - (d) the products, services, transactions and delivery channels of the licensee.
- 4.2 The appropriate steps referred to in paragraph 4.1 shall include —
- (a) documenting the licensee'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 licensee 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 licensee 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 licensee 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 licensee 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 licensee 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 licensee 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 licensee has reasonable grounds to suspect that the assets or funds of a prospective customer, with whom the licensee intends to establish business relations or for whom the licensee intends to undertake transactions without opening an account, are proceeds of a serious offence as defined in the Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A), or are property related to the facilitation or carrying out of any terrorism financing offence as defined in the Terrorism (Suppression of Financing) Act (Cap. 325), the licensee shall —
- (a) not establish business relations or undertake a transaction with the prospective customer; and
 - (b) file an STR¹, and extend a copy to the Authority for information.

When CDD measures are to be Performed

- 6.3 A licensee shall perform CDD measures in accordance with this Notice when —
- (a) the licensee establishes business relations with any customer;
 - (b) the licensee undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the licensee;
 - (c) there is a suspicion of money laundering or terrorism financing, notwithstanding that the licensee would otherwise not be required by this Notice to perform CDD

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

measures; or

- (d) the licensee has doubts about the veracity or adequacy of any information previously obtained.

6.4 Where a licensee 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 licensee 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 licensee shall identify each customer.

6.6 For the purpose of paragraph 6.5, a licensee shall obtain and record information of the customer, including but not limited to the following:

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

6.7 Where the customer is a legal person or legal arrangement, the licensee 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 licensee 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 licensee shall, apart from identifying the

customer, also identify the partners and managers².

6.10 Where the customer is a legal arrangement, the licensee 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 licensee 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 licensee 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 licensees or the customer is not a natural person, a licensee 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 licensee shall verify the due authority of such persons to act on behalf of the customer by obtaining at least the following:

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

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

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

(IV) Identification and Verification of Identity of Beneficial Owners

- 6.16 Subject to paragraph 6.21, a licensee 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 licensee 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 licensee shall understand the nature of the customer's business and its ownership and control structure.
- 6.19 For customers that are legal persons, the licensee 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 licensee 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 licensee shall not be required to inquire if there exists any beneficial owner in relation to a customer that is —

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

unless the licensee 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 licensee 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 licensee 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 licensee shall monitor on an ongoing basis, its business relations with customers.

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

Non-Face-to-Face Verification

- 6.32 A licensee 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 licensee 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 licensee 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 Licensee on Identification and Verification Already Performed

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

CDD Measures for Non-Account Holders

- 6.36 A licensee that undertakes any transaction of a value exceeding S\$20,000, for any customer who does not otherwise have business relations with the licensee shall —
- (a) identify and verify the identity of the customer as if the customer had applied to the licensee to establish business relations; and
 - (b) record adequate details of the transaction so as to permit the reconstruction of the transaction, including the nature and date of the transaction, the type and amount of currency involved, the value date, and the details of the payee or beneficiary.

Timing for Verification

- 6.37 Subject to paragraphs 6.38 and 6.39 of this Notice, a licensee shall complete

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

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

6.38 A licensee 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 licensee.

6.39 Where the licensee 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 licensee shall adopt internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification and complete such verification as soon as is reasonably practicable.

Where CDD Measures are Not Completed

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

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

Joint Account

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

Existing Customers

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

Customer Screening

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

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

- (a) when, or as soon as reasonably practicable after, the licensee establishes business relations with the customer;
- (b) when the licensee undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the licensee;
- (c) on a periodic basis after the licensee establishes business relations with the customer; and
- (d) when there are any changes or updates to —
 - (i) the lists and information provided by the Authority and any relevant authorities in Singapore to the licensee; or
 - (ii) natural persons appointed to act on behalf of a customer, connected parties or beneficial owners of a customer.

6.46 The results of screening and assessment by the licensee shall be documented.

7 SIMPLIFIED CUSTOMER DUE DILIGENCE

7.1 Subject to paragraph 7.4, a licensee 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 licensee, 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 licensee.
- 7.4 No licensee shall perform simplified CDD measures in the following circumstances:
- (a) where the customers are from or in countries and jurisdictions identified by the FATF as higher risk countries or jurisdictions;
 - (b) where the customers are from or in countries and jurisdictions known to have inadequate AML/CFT measures, as determined by the licensee for itself or notified to licensees generally by the Authority or by other foreign regulatory authorities; or
 - (c) where the licensee suspects that money laundering or terrorism financing is involved.
- 7.5 Subject to paragraphs 7.2 and 7.3, a licensee may perform simplified CDD measures in relation to a customer that is a financial institution set out in Appendix 2 .
- 7.6 Where the licensee 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 licensee 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 licensee’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 licensee 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 licensee 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 licensee present a higher risk for money laundering or terrorism financing.

Other High Risk Categories

- 8.5 A licensee shall perform the appropriate enhanced CDD measures in paragraph 8.2 for such other categories of customers, business relations or transactions as the licensee 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 licensee 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 licensee 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 licensee for itself or notified to licensees 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 licensee shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the licensee 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 licensee 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 licensee 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 licensee 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 licensees 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 licensee’s request, any document obtained by the third party with respect to the CDD measures applied on the licensee’s customer, which the licensee would be required or would want to obtain.
- 9.3 No licensee shall rely on a third party to conduct ongoing monitoring of business relations with customers.
- 9.4 Where a licensee 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 licensee shall remain responsible for its AML/CFT obligations in this Notice.

10 RECORD KEEPING

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

10.2 Subject to paragraph 10.4 and any other requirements imposed by law, a licensee 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 licensee's assessment of the results), and other documents relating to the 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; and
- (b) for records relating to a transaction, including any information needed to explain and reconstruct the transaction, a period of at least 5 years following the completion of the transaction.

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

11 PERSONAL DATA

- 11.1 For the purposes of paragraph 11, "individual" means a natural person, whether living or deceased.
- 11.2 Subject to paragraph 11.3 and for the purposes of complying with this Notice, a licensee 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 licensee;
 - (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 licensee; 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 licensee.
- 11.3 A licensee 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 licensee:
 - 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 licensee; 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 licensee is satisfied that there are reasonable grounds for such request.

11.4 For the purposes of complying with this Notice, the licensee 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.

12 SUSPICIOUS TRANSACTIONS REPORTING

12.1 A licensee 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.

12.2 A licensee shall promptly submit reports on suspicious transactions (including attempted transactions), regardless of the amount of the transaction, to STRO, and

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

extend a copy to the Authority for information.

- 12.3 A licensee 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 licensee 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 licensee, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

13 INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING

- 13.1 A licensee 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.
- 13.2 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

- 13.3 A licensee shall develop appropriate compliance management arrangements, including at least, the appointment of a management level officer as the AML/CFT compliance officer.
- 13.4 A licensee 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

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

Employee Hiring

- 13.6 A licensee shall have in place screening procedures to ensure high standards when

hiring employees and appointing officers⁴.

Training

- 13.7 A licensee 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 licensee'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.

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 and 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.

Appendix 1 —

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

Appendix 2—

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