

CONSULTATION PAPER

P005 - 2021

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Proposed AML Notices for Cross-Border Business Arrangements of Capital Markets Intermediaries under Proposed Exemption Frameworks

MAS

Monetary Authority of Singapore

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1 Preface

1.1 On 15 March 2021, the Monetary Authority of Singapore (“MAS”) issued a consultation paper¹ to seek feedback on:

- (i) MAS’ proposal to introduce an exemption framework for cross-border business arrangements involving foreign head offices or branches (collectively referred to as the “Foreign Offices”) by exempting Foreign Offices of financial institutions (“FIs”) in Singapore from the applicable business conduct and representative notification requirements under the Securities and Futures Act and Financial Advisers Act when they serve Singapore customers (the “proposed Branch Framework”); and
- (ii) the proposed notification forms to be submitted to MAS at the point of commencement of the arrangement and on an ongoing basis, as well as the draft regulations and notices, for both the proposed Branch Framework and the proposed exemption framework for cross-border business arrangements between Singapore FIs and their foreign related corporations (“FRCs”) (the “notified FRC framework”).

1.2 In the 15 March 2021 consultation, MAS indicated that the draft Notices on Prevention of Money Laundering and Countering the Financing of Terrorism (“AML Notices”), which set out the proposed anti-money laundering and countering the financing of terrorism (“AML/CFT”) requirements under both the proposed Branch Framework and notified FRC framework, will be consulted separately. MAS is thus issuing this consultation paper to seek comments on the proposed AML Notices.

1.3 MAS invites comments from all FIs and interested parties on the draft AML Notices.

Please note that all submissions received will be published and attributed to the respective respondents unless they expressly request MAS not to do so. As such, if respondents would like:

- (i) their whole submission or part of it (but not their identity), or**

¹ The consultation paper can be found at the following link:

<https://www.mas.gov.sg/publications/consultations/2021/cp-on-proposed-exemption-framework-for-cross-border-biz-of-cmis-involving-foreign-offices>

(ii) their identity along with their whole submission,

to be kept confidential, please expressly state so in the submission to MAS. MAS will only publish non-anonymous submissions. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libellous or offensive.

Please submit your comments to the consultation paper by 11 June 2021 at the link: <https://form.gov.sg/6051ca988252da001104bed7>. If you have any queries, please email FRC_Framework_Consultation@mas.gov.sg.

2 Introduction

2.1 Under the proposed notified FRC framework and the proposed Branch Framework, the Singapore FI is required to have in place policies and procedures to oversee the conduct of the FRCs or Foreign Offices, as the case may be, and their representatives under the cross-border business arrangement between an FI in Singapore and its FRCs or Foreign offices. The applicable policies and procedures include, amongst others, (i) conducting customer due diligence (“CDD”) in accordance with the relevant MAS Notice on AML/CFT, and MAS Regulations made pursuant to UNSC Resolutions²; and (ii) maintaining or having access to all CDD records kept overseas by the FRCs or Foreign Offices that relate to the arrangements, and providing MAS with timely access to these records.

3 Draft AML Notices

3.1 To effect the AML/CFT requirements as described in paragraph 2.1, MAS proposes to introduce the following notices:

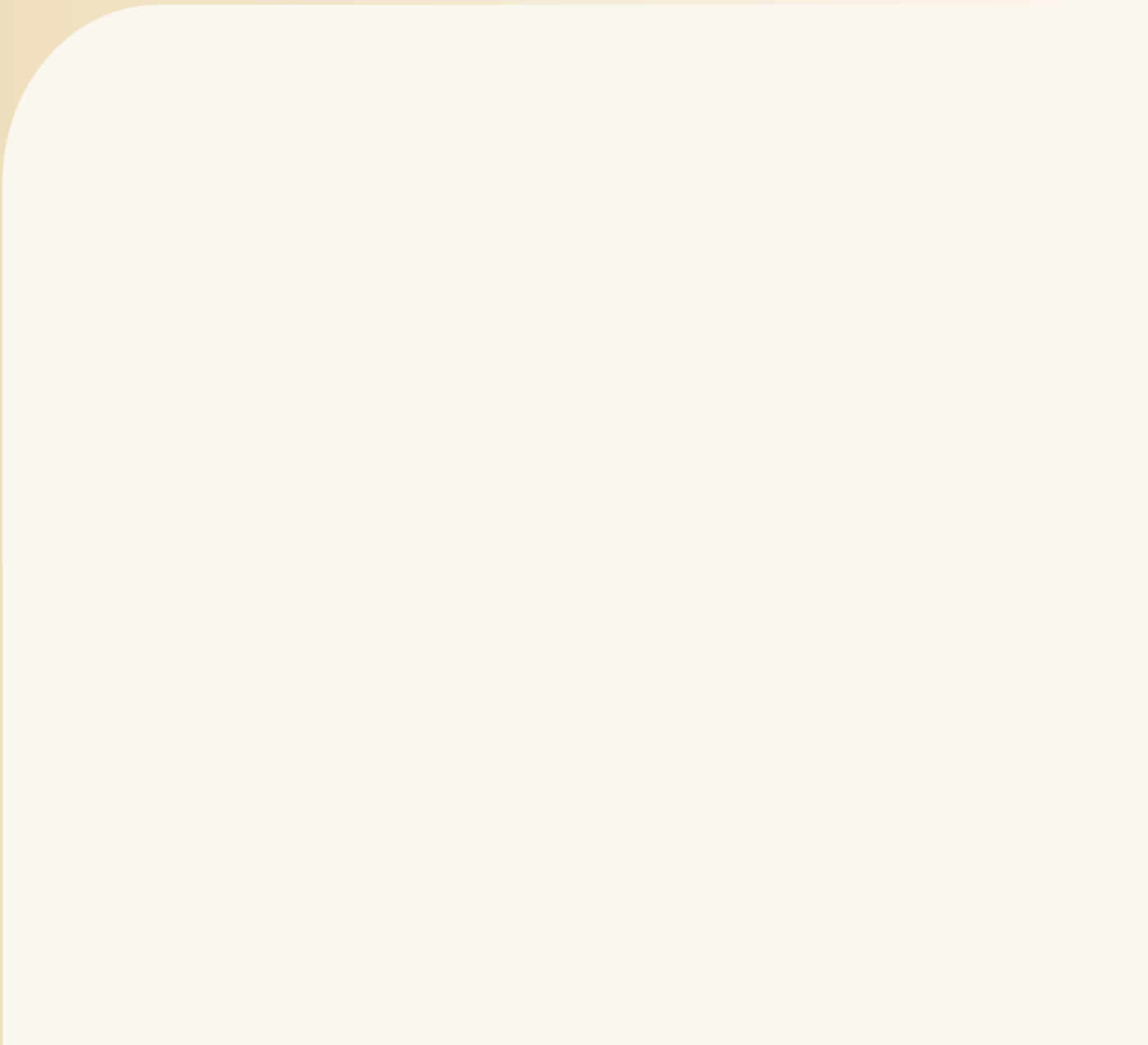
- (i) Notice on Prevention of Money Laundering and Countering the Financing of Terrorism – Specified Holders of a Capital Markets Services Licence and Specified Exempt Persons in relation to Cross-Border Arrangements under the Securities and Futures (Exemption from Requirements) (Cross-Border Arrangements) (Foreign Related Corporations) Regulations (Annex A1);
- (ii) Notice on Prevention of Money Laundering and Countering the Financing of Terrorism – Licensed Financial Advisers and Specified Exempt Financial Advisers in relation to Cross-Border Arrangements under the Financial Advisers (Exemption from Requirements) (Cross-Border Arrangements) (Foreign Related Corporations) Regulations (Annex A2);
- (iii) Notice on Prevention of Money Laundering and Countering the Financing of Terrorism – Specified Holders of a Capital Markets Services Licence and Specified Exempt Persons in relation to Cross-Border Arrangements under

² Where the customers of the FRC or Foreign Office are also considered customers of the Singapore FI, as defined in the relevant AML Notice, the Notice requirements would apply. Where the FRC/Foreign Office’s customers are not customers of the Singapore FI, the Singapore FI will still be required to ensure that the policies and procedures in place relating to the conduct of customer due diligence under the FRC/Branch Arrangement are at least as stringent as the requirements in the relevant AML Notice.

the Securities and Futures (Exemption from Requirements) (Cross-Border Arrangements) (Foreign Offices) Regulations (Annex A3); and

- (iv) Notice on Prevention of Money Laundering and Countering the Financing of Terrorism – Licensed Financial Advisers and Specified Exempt Financial Advisers in relation to Cross-Border Arrangements under the Financial Advisers (Exemption from Requirements) (Cross-Border Arrangements) (Foreign Offices) Regulations (Annex A4).

Question. MAS seeks comments on the draft Notices in Annexes A1 to A4.



Monetary Authority of Singapore