



**RESPONSE TO FEEDBACK RECEIVED –
CONSULTATION ON PROPOSED AMENDMENTS TO THE MONETARY
AUTHORITY OF SINGAPORE NOTICES TO FINANCIAL INSTITUTIONS ON
PREVENTION OF MONEY LAUNDERING AND COUNTERING THE
FINANCING OF TERRORISM**

ANNEX C - MAS NOTICE 314

1 Paragraph 4.2: Clarifications on Risk Assessments

1.1 With regard to paragraph 4.2(c) of the Notice, one respondent asked to clarify MAS' expectation for direct life insurers to keep their enterprise-wide risk assessments up-to-date. Specifically, the respondent asked whether MAS expected periodic reviews of the risk assessments or whether the risk assessments could be triggered only when there were new significant external or internal developments.

1.2 A few respondents also asked for clarity on the phrase “appropriate mechanisms to provide their risk assessment information to the Authority” in paragraph 4.2(d) of the Notice.

MAS' Response

1.3 On the review frequency of enterprise-wide risk assessments, MAS expects direct life insurers to review their risk assessments at least once every two years or when there are significant external or internal developments, whichever is earlier. Direct life insurers can refer to paragraph 4-18 of the Guidelines for further elaboration.

1.4 With regard to maintaining “appropriate mechanisms to provide risk assessment information to the Authority”, MAS expects direct life insurers to ensure that the enterprise-wide risk assessments are formally documented and approved by senior management. The relevant information and documentation should be made available to MAS upon request.

2 Paragraph 6.2: Reasonable Grounds for Suspicion

2.1 One respondent asked what constituted “reasonableness” under the term “reasonable grounds for suspicion” in paragraph 6.2 of the Notice. Specifically, the respondent highlighted that generally, direct life insurers may not have sufficient information to form an opinion as to whether the funds used by the customer were proceeds of a serious offence.

MAS’ Response

2.2 The term “reasonable grounds for suspicion” in the Notice draws reference from the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (CDSA).

2.3 The example highlighted by the respondent in paragraph 2.1 above is a trigger for direct life insurers to further enquire into their customers or business relations with the customers. Where direct life insurers are unable to complete CDD measures, they are not permitted to commence or continue business relations with these customers, as per paragraph 6.39 of the Notice. Direct life insurers should consider the full facts of the circumstances and the transactions involved in deciding whether to file an STR.

2.4 An example of a scenario where direct life insurers may consider as giving rise to “reasonable grounds for suspicion” is as follows:

A customer represents to a direct life insurer that his source of funds and wealth are from personal savings arising from his employment income. However, the premiums to be paid to the direct life insurer grossly exceeds the customer’s declared expected income. The direct life insurer should take into account all other available information to ascertain if there are reasonable grounds to suspect that the customer’s funds could be benefits derived from serious offences (as defined in the CDSA).

3 Paragraphs 6.6 and 6.8: Powers of Legal Person or Arrangement

3.1 A few respondents asked for greater clarity on the term “powers of legal person or legal arrangement” in paragraphs 6.6 and 6.8¹ of the Notice.

3.2 The respondents also asked for greater clarity on when direct life insurers would be required to identify and verify the identity of a customer and the connected parties, where the customer was a legal person or legal arrangement. One respondent highlighted that it would be challenging to perform CDD measures on an ongoing basis in relation to connected parties unless the customer informed the insurer of any changes.

MAS’ Response

3.3 To provide greater clarity, MAS has amended the term in paragraphs 6.6 and 6.8² of the Notice to “powers that regulate and bind the legal person or legal arrangement”.

3.4 Direct life insurers are required to perform CDD measures when the insurer establishes business relations with any customer. For guidance on ongoing monitoring, respondents can refer to paragraphs 6-10-4 and 6-10-5 of the Guidelines for more details. For higher risk categories of customers, direct life insurers should obtain updated CDD data, documents and information upon a periodic review or trigger event, whichever is earlier.

4 Paragraph 6.7: Persons having Executive Authority

4.1 With regard to paragraph 6.7³ of the Notice, one respondent asked for greater clarity on the term “natural persons having executive authority” used in the definition of “connected party”.

MAS’ Response

4.2 To provide greater clarity, more examples of who constitute

¹ These paragraphs were referenced as 6.7 to 6.11 in the draft Notice 314 sent out during the public consultation

² These paragraphs were referenced as 6.7 to 6.11 in the draft Notice 314 sent out during the public consultation

³ This paragraph was referenced as 6.8 in the draft Notice 314 sent out during the public consultation

“natural persons with executive authority in a company” are included in paragraph 2-2 of the Guidelines and they include, but are not limited to, the Chairman and Chief Executive Officer.

5 Paragraph 6.7: Identification of Connected Parties for Customers that are Partnerships

5.1 For customers that are partnerships, a few respondents asked for greater clarity on the term “manager” used in the definition of “connected parties”.

MAS’ Response

5.2 The term “manager” takes reference from section 2(1) of the Limited Liability Partnership Act (Cap. 163A) and section 28 of the Limited Partnership Act (Cap. 163B). This is clarified in paragraph 2-1 of the Guidelines.

6 Paragraph 6.9: Identification and Verification of Identity of Beneficiaries

6.1 A number of respondents asked for greater clarity on the CDD measures required to be performed in relation to beneficiaries. One respondent asked if the identification and verification of identity of beneficiaries would include both ID and address verification.

6.2 Another respondent requested for elaboration on what was meant by “beneficiaries who are designated by characteristics, by class or by other means”. Another respondent commented that it would be operationally difficult to identify and verify the identity of such beneficiaries as they were not named and the proceeds from the insurance contract were paid to the trustees, executor or administrator of the estate.

MAS’ Response

6.3 For a beneficiary who has been identified as a specifically named natural person, legal person or legal arrangement, direct life insurers are required to obtain and record the full name, including any aliases of such

beneficiary as part of their identification process. Whereas, for a beneficiary who has been designated by characteristics, by class or by other means, direct life insurers are required to obtain sufficient information such that they will be able to establish the identity of the beneficiary at the time of payout. A direct life insurer may consider obtaining additional identification information on a beneficiary in order to assess and determine if the beneficiary presents a higher risk for money laundering or terrorism financing.

6.4 To elaborate, an example of designation by characteristics or by class is “spouse or children at the time that the insured event occurs”. An example of designation by other means is “under a will”. Direct life insurers should identify and verify the identity of beneficiaries who are designated by characteristics, by class or by other means, on a best effort basis.

7 Paragraphs 6.9, 6.10 and 6.17: Timing of identification and verification of identity of beneficiaries and beneficial owners of beneficiaries

7.1 Many respondents sought greater clarity on when identification and verification of the identity of beneficiaries should be carried out. Two respondents suggested that both the identification and verification of identity of beneficiaries should be performed only at the time of payout. One respondent was of the view that unlike policyholders or beneficial owners of customers who control the policies from the point of policy inception, money laundering risks become relevant for beneficiaries only at the point of payment of insurance proceeds.

7.2 Some respondents misunderstood the requirement to verify the identity of the beneficiary in paragraphs 6.9 and 6.10⁴ of the Notice to be at the time the beneficiary is identified or designated. A number of respondents also commented that verification of the identity of beneficiaries should be performed at the time of payout instead, given that beneficiaries may change over the lifetime of a policy.

7.3 Similar to the feedback received on beneficiaries, a number of respondents suggested that both the identification and verification of

⁴ These paragraphs were referenced as 6.13 and 6.14 in the draft Notice 314 sent out during the public consultation

identity of beneficial owners of beneficiaries should be required to be performed only at the time of payout since the beneficial owners may change over the lifetime of a policy.

MAS' Response

7.4 Identification of beneficiaries is required when the beneficiaries are made known to the direct life insurer. Verification of the identity of beneficiaries, and enhanced measures such as the identification and verification of beneficial owners of beneficiaries who are legal persons or legal arrangements and who present a higher risk for money laundering or terrorism financing, on the other hand, are only required at the time of payout. The Notice has been revised to clarify this intent.

8 Paragraph 6.16: Beneficial Ownership and Percentage Threshold

8.1 A few respondents asked about the percentage threshold to determine beneficial owners of customers.

MAS' Response

8.2 MAS has included within paragraph 6-8-2 of the Guidelines, a 25% percentage threshold as an example of a benchmark that direct life insurers can use, to identify the natural person who ultimately owns the customer that is a legal person or legal arrangement. Essentially, when determining beneficial owners, MAS expects direct life insurers to consider the shareholdings within the ownership structure of the legal person or legal arrangement and this may be based on a threshold (e.g. any person owning more than 25% of the legal person or legal arrangement, taking into account aggregated ownerships for companies with cross-shareholdings).

8.3 Additionally, paragraph 6-8-3 of the Guidelines reminds direct life insurers that in situations where a natural person may not meet the shareholding threshold referred to above but nevertheless controls the customer (e.g. through exercising significant influence), the natural person is a beneficial owner of the customer.

9 Paragraph 6.19: Stock Exchanges and Adequate Transparency

9.1 One respondent asked about the term "adequate transparency" used in paragraph 6.19(d)(ii)⁵ of the Notice. In particular, the respondent asked whether, to meet the two criteria in subparagraph (d), an entity listed on a stock exchange outside Singapore would have to be subject to disclosure and transparency requirements that were on par with those imposed by the Singapore Exchange.

MAS' Response

9.2 Direct life insurers are required to put in place an internal assessment process to assess and determine if a foreign stock exchange is subject to regulatory disclosure and adequate transparency requirements. The internal assessment process should have clear criteria, taking into account, amongst others, the country or jurisdiction risk and the level of the country's or jurisdiction's compliance with the FATF standards. This is reflected in paragraph 6-8-8 of the Guidelines.

10 Paragraph 7.1: Simplified CDD

10.1 One respondent asked whether simplified CDD measures may be applied in relation to life policies assessed to be of low ML/TF risk. Another respondent also asked whether a risk-based approach could be adopted to determine the beneficial owners in relation to lower risk policies, such as group life policies.

MAS' Response

10.2 Simplified CDD measures may be applied in cases where the direct life insurer has determined that the ML/TF risk is low. For guidance on simplified CDD, direct life insurers should refer to paragraphs 7-1 to 7-5 of the Guidelines.

11 Paragraph 8.1: Close Associate of PEPs

11.1 One respondent asked about the definition of "close associates"

⁵ This paragraph was referenced as 6.24(d) in the draft Notice 314 sent out during the public consultation.

of PEPs. The respondent asked if a close associate connected to a PEP socially included his friends.

MAS' Response

11.2 To determine whether someone is closely connected to a PEP, either socially or professionally, direct life insurers may consider the level of influence the PEP has on such a person or the extent of his exposure to the PEP. Direct life insurers may rely on information available from public sources and information obtained through customer interaction. This is reflected in paragraph 8-4-3 of the Guidelines.

12 Paragraph 8.4: Risk-Based Approach for Different PEPs

12.1 Paragraph 8.4 of the Notice allows direct life insurers to adopt a risk-based approach in relation to enhanced CDD measures for domestic PEPs and international organisation (“IO”) PEPs. One respondent requested that MAS extend the same flexibility to foreign PEPs as well.

MAS' Response

12.2 According to FATF Recommendations, foreign PEPs are considered as higher risk because direct life insurers are less likely to have available knowledge or information about the risk variables of a foreign PEP. To ensure that the ML/TF risks are well-mitigated, MAS therefore expects direct life insurers to perform enhanced CDD measures on all foreign PEPs.

12.3 Although domestic and IO PEPs may be subject to a risk-based approach, it does not preclude a domestic or IO PEP presenting the same or higher ML/TF risks than a foreign PEP. For domestic or IO PEPs that present higher ML/TF risks, direct life insurers are required to apply enhanced CDD measures similar to those applied on a foreign PEP. We have included guidance on this topic in paragraph 8-5-11 of the Guidelines.

13 Lead Time for Implementation

13.1 Several respondents requested for MAS to give adequate lead time for direct life insurers to implement the requirements of the revised Notice. They also requested for guidance on how to prioritise their remediation efforts in relation to existing customers.

MAS' Response

13.2 Most of the revisions to the Notice formalise existing MAS supervisory expectations. In response to the industry feedback, we will provide a transition period for direct life insurers to make changes to their processes and systems. The Notice shall take effect from 24 May 2015 to give direct life insurers one month from the release date to comply with the requirements under the new Notice.

13.3 In addition, we are providing three months for direct life insurers to comply with three specific requirements in the Notice. These are:

- Paragraph 4: Assessing Risks and Applying a Risk-based Approach;
- Paragraph 5: New Products, Practices and Technologies; and
- Paragraphs 13.6 and 13.7: Group Information Sharing Requirements.

The above requirements will take effect from 24 July 2015. The relevant effective dates are listed in paragraph 1.3 of the Notice.

13.4 With regard to remediation, direct life insurers should prioritise the identification of higher risk customers within its existing customer base. This remediation of higher risk customers should be done within six months of the Notice issue date, by 24 October 2015. Direct life insurers are to ensure that enhanced CDD measures are performed on the higher risk customers identified within its existing customer base.

MONETARY AUTHORITY OF SINGAPORE

24 April 2015

Appendix A

List of Respondents to the Consultation Paper on Proposed Amendments to the MAS AML/CFT Notices to Financial Institutions on Prevention of Money Laundering and Countering the Financing of Terrorism – MAS Notice 314

1. Baker & McKenzie.Wong & Leow
2. Life Insurance Association, Singapore (“LIA”)*

* Respondents that provided feedback via LIA are:

1. AIA Singapore Private Limited
2. AXA Life Insurance Singapore Private Limited
3. Friends Provident International Ltd, Singapore Branch
4. Generali International Limited, Singapore Branch
5. Prudential Assurance Co. Singapore (Pte) Ltd
6. Old Mutual International Isle Of Man Limited, Singapore Branch
7. Standard Life International Limited, Singapore Branch
8. The Great Eastern Life Assurance Company Limited
9. The Overseas Assurance Corporation Limited
10. Transamerica Life (Bermuda) Ltd, Singapore Branch

Appendix B

MAS Notice 314 (Tracked Changes)

MAS [Notice 314](#)

[24 April 2015](#)

[2 July 2007](#)

[Last revised on 1 July 2014](#)

[\(Refer to endnotes for history of amendments\)](#)

NOTICE TO [DIRECT](#) LIFE INSURERS

MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM – [DIRECT](#) LIFE INSURERS

1 INTRODUCTION

1.1 This Notice is issued pursuant to section 27B of the Monetary Authority of Singapore Act (Cap.186) ([“MAS Act”](#)) and applies to all [direct](#) life insurers [registered/licensed](#) under section 8 of the Insurance Act (Cap. 142) ([“IA”](#)).

1.2 ~~This Notice shall take immediate effect. The requirements of this Notice (other than those set out in paragraphs 13.3 to 13.9) shall apply to a direct life insurer, only in relation to its insurance business concerned with life policies but shall exclude the business of providing the reinsurance of liabilities under life policies.~~

1.3 ~~Except for paragraphs 4, 5, 13.6 and 13.7, this Notice shall take effect from 24 May 2015. Paragraphs 4, 5, 13.6 and 13.7 shall take effect from 24 July 2015. MAS Notice 314 dated 2 July 2007 is cancelled with effect from 24 May 2015.~~

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 [direct](#) life insurer, means the natural person who ultimately owns or controls [the](#) customer or the [natural](#) person on whose behalf ~~a transaction is being conducted~~ [business relations are](#)

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established, and includes ~~the any~~ person who exercises ultimate effective control over a ~~body corporate legal person or unincorporate~~ legal arrangement;

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“business relations” means —

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(a) the issuance of a life policy by the ~~direct~~ life insurer to; ~~or~~

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(b) the provision of financial advice by the ~~direct~~ life insurer to,

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~~the customer~~ a person (whether a natural person, legal person or legal arrangement);

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~~“company” includes a body corporate formed or established outside Singapore under the law of the country or jurisdiction;~~ “CDD measures” or “customer due diligence measures” means the process of identifying the customer and obtaining information measures required by paragraph 46;

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“CDSA” means the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A);

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“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;

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(b) in relation to a legal person that is a partnership, means any partner or manager⁶; and

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

“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 Organisation of Securities Commissions, or the Insurance Core Principles issued by the International Association of Insurance Supervisors;

“customer”, in relation to a direct life insurer, means ;

a person (whether a natural person, legal person or legal arrangement) with whom the direct life insurer establishes or intends to establish business relations to whom a life policy is issued or intended to be issued by the life insurer including, in the case of a group life policy, the owner of the master policy issued or intended to be issued;

⁶ In the case of a limited liability partnership or a limited partnership.

- (a) ~~or~~
(b) ~~a person for whom the life insurer undertakes or intends to undertake any transaction without a policy being issued;~~

“direct life insurer” means a direct insurer licensed under section 8 of the IA to carry on life business as described in section 2(1) of the IA;

“FATF” means the Financial Action Task Force;

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

“financial group” means a group that consists of a legal person or legal arrangement exercising control and coordinating functions over the rest of the group for the application of group supervision under the Core Principles, and its branches and subsidiaries that are financial institutions as defined in section 27A(6) of the MAS Act or the equivalent financial institutions outside Singapore;

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

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

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

~~“life insurer” means an insurer registered under section 8 of the Insurance Act (Cap. 142) to carry on life insurance business in Singapore;~~

“officer” means any director or any member of the committee of management of the direct life insurer;

“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);

“payee” means the person, other than the beneficiary of a life insurance policy, to whom monies are payable pursuant to paragraph 6.21(a) to (d) of this Notice;

“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; ~~and~~

“TSOFA” means the Terrorism (Suppression of Financing) Act (Cap. 325).

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

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

~~Unless the context otherwise requires, a reference to a financial institution supervised by the Authority does not include a person who is exempted from licensing, approval or regulation by the Authority.~~

2.2 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 IA.

3 UNDERLYING PRINCIPLES

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

(a) A direct life insurer ~~must~~shall exercise due diligence when dealing with customers, natural persons appointed to act on the customer’s behalf, connected parties of the customer and beneficial owners of the customer.

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

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

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4 ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH

Risk Assessment

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

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

- (a) documenting the direct life insurer'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 direct life insurer's risk assessments up-to-date; and
- (d) having appropriate mechanisms to provide its risk assessment information to the Authority.

Risk Mitigation

4.3 A direct life insurer shall —

- (a) develop and implement policies, procedures and controls, which are approved by senior management, to enable the direct life insurer to effectively manage and mitigate the risks that have been identified by the direct life insurer or notified to it by the Authority or other relevant authorities in Singapore;
- (b) monitor the implementation of those policies, procedures and controls, and enhance them if necessary;
- (c) perform enhanced measures where higher risks are identified, to effectively manage and mitigate those higher risks; and
- (d) ensure that the performance of measures or enhanced measures to

effectively manage and mitigate the identified risks address the risk assessment and guidance from the Authority or other relevant authorities in Singapore.

5 NEW PRODUCTS, PRACTICES AND TECHNOLOGIES

5.1 A direct life insurer 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 direct life insurer shall undertake the risk assessments, prior to the launch or use of such products, practices and technologies (to the extent such use is permitted by this Notice), and shall take appropriate measures to manage and mitigate the risks.

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

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

(b) new or developing technologies,

that favour anonymity.

46 CUSTOMER DUE DILIGENCE (“CDD”)

-Anonymous or Fictitious Person

4.16.1 No direct life insurer shall deal with any person on an anonymous basis or any person using a fictitious name.

Where There are Reasonable Grounds for Suspicion prior to the Establishment of Business Relations

6.2 Prior to a direct life insurer establishing business relations, where the direct life insurer has any reasonable grounds to suspect that the assets or funds of a customer are proceeds of drug dealing or criminal conduct as defined in the CDSA, or are property related to the facilitation or carrying out of any terrorism

financing offence as defined in the TSOFA, the direct life insurer shall —

(a) not establish business relations with the customer; and

(b) file an STR⁷, and extend a copy to the Authority for information.

When CDD Measures are to be Performed

4.26.3 A direct life insurer shall perform CDDthe measures in accordance with this Notice as required by paragraphs 6, 7 and 8 when —

(a) the direct life insurer establishes business relations with any customer;

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

~~(e)~~(b) there is a suspicion of money laundering or ~~terrorist~~terrorism financing, notwithstanding that the direct life insurer would not otherwise ~~not~~ be required by this Notice to perform CDDthe measures as required by paragraphs 6, 7 and 8; or

~~(d)~~(c) the direct life insurer has doubts about the veracity or adequacy of any information previously obtained.

CDD Measures where Business Relations are Established

(l)- Identification of Customers

4.36.4 A direct life insurer shall identify each customer ~~who applies to the life insurer to establish business relations.~~

4.46.5 For the purposes of paragraph ~~6.4-3~~, a direct life insurer shall obtain and record information of the customer, including but not limited to the at least the following information:

(a) ~~Full~~full name, including any aliases;

(b) ~~Unique~~unique identification number (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number);

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⁷ Please note in particular section 48 of the CDSA on tipping-off.

~~(c) Existing the customer's —~~

~~(i) residential address,; or~~

~~(ii) registered or business address, and if different, principal place of business,~~

~~(as may be appropriate) and contact telephone number(s);;~~

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

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

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~~4.5 Where the customer is a company, the life insurer shall, apart from identifying the customer, also identify the directors of the company.~~

~~4.6 Where the customer is a partnership or a limited liability partnership, the life insurer shall, apart from identifying the customer, also identify the partners.~~

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~~4.7 Where the customer is any other body corporate or unincorporate, the life insurer shall, apart from identifying the customer, also identify the persons having executive authority in that body corporate or unincorporate.~~

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6.6 Where the customer is a legal person or legal arrangement, the direct life insurer shall, apart from identifying the customer, also identify the legal form, constitution and powers that regulate and bind the legal person or legal arrangement.

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6.7 Where the customer is a legal person or legal arrangement, the direct life insurer shall identify the connected parties of the customer, by obtaining at least the following information of each connected party:

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(a) full name, including any aliases; and

(b) unique identification number (such as an identity card number, birth certificate number or passport number of the connected party).

(II) Verification of Identity of Customer

4.86.8 A direct life insurer shall verify the identity of the customer using reliable, independent sources data, documents or information. Where the customer is a legal person or legal arrangement, a direct life insurer shall verify the legal form, proof of existence, constitution and powers that regulate and bind the customer, using reliable, independent source data, documents or information.

~~4.9~~ A life insurer shall retain copies of all reference documents used to verify the identity of the customer.

(III) Identification and Verification of Identity of Beneficiary

6.9 A direct life insurer shall, as soon as a beneficiary is identified or designated —

- (a) for a beneficiary who is identified as a specifically named natural person, legal person or legal arrangement, obtain the full name, including any aliases, of such beneficiary; or
- (b) for a beneficiary who is designated by characteristics, class or other means, obtain sufficient information concerning the beneficiary to satisfy itself that it will be able to establish the identity of such beneficiary at the time of payout.

6.10 A direct life insurer shall verify the identity of the beneficiary in accordance with the timing set out in paragraph 6.38 of the Notice.

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

~~4.106.11~~ Where ~~the~~ customer appoints one or more natural persons to act on his behalf in establishing business relations with ~~the~~ direct life insurer or the customer is not a natural person, ~~a~~ the direct life insurer shall —

- (a) identify ~~the~~each natural persons ~~that who acts~~ or ~~are~~is appointed to act on behalf of the customer, ~~as if such persons were themselves customers~~; by obtaining at least the following information of such natural person:
 - (i) full name, including any aliases;
 - (ii) unique identification number (such as an identity card number, birth certificate number or passport number);
 - (iii) residential address;
 - (iv) date of birth;
 - (v) nationality; and
- (b) verify the identity of ~~these~~ each natural persons using reliable, independent sources data, documents or information; ~~and~~

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~~(c) — retain copies of all reference documents used to verify the identity of these persons.~~

~~4.11 — A life insurer shall verify the due authority of such persons to act on behalf of the customer.~~

~~4.126.12 — A direct life insurer shall verify the due authority of ~~such~~ each natural persons appointed to act on behalf of the customer by obtaining, ~~including but not limited to at least~~ the following:~~

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

~~4.136.13 — Where the customer is a Singapore ~~government~~ Government entity, the direct life insurer shall only be required to obtain such information as may be required to confirm that the customer is a Singapore ~~government~~ Government entity as asserted.~~

~~(VV)~~ Identification and Verification of Identity of Beneficial Owners

6.14 For the purposes of paragraphs 6.15 to 6.20 —

(a) a reference to a beneficiary means a beneficiary that is —

- (i) a legal person or legal arrangement; and
- (ii) assessed by the direct life insurer to present a higher risk for money laundering or terrorism financing; and

(b) a reference to a beneficial owner of a beneficiary means the natural person who ultimately owns or controls the beneficiary, and includes any person who exercises ultimate effective control over the beneficiary.

~~4.146.15 — Subject to paragraph ~~4.176.19~~, a direct life insurer shall inquire if there exists any beneficial owner ~~in relation to~~ a customer or beneficial owner of a beneficiary.~~

~~4.156.16 — Where there is one or more beneficial owners ~~in relation to~~ a customer or beneficial owners of a beneficiary, the direct life insurer shall ~~take reasonable measures to obtain information sufficient to identify~~ the beneficial owners and ~~take reasonable measures to~~ verify the identities of the beneficial owner using the relevant information or data obtained from reliable, independent sources. The direct life insurer shall —~~

- (a) for customers or beneficiaries that are legal persons —
- (i) identify the natural persons (whether acting alone or together) who ultimately own the legal person;
 - (ii) to the extent that there is doubt under subparagraph (i) 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, identify the natural persons (if any) who ultimately control the legal person or have ultimate effective control of the legal person; and
 - (iii) where no natural persons are identified under subparagraph (i) or (ii), identify the natural persons having executive authority in the legal person, or in equivalent or similar positions;
- (b) for customers or beneficiaries that are legal arrangements —
- (i) for trusts, identify the settlors, the trustees, the protector (if any), the beneficiaries of the trust (including every beneficiary that falls within a designated characteristic or class)⁸, and any natural person exercising ultimate ownership, ultimate control or ultimate effective control over the trust (including through a chain of control or ownership); and
 - (ii) for other types of legal arrangements, identify persons in equivalent or similar positions, as those described under subparagraph (i).

6.17 A direct life insurer shall identify the beneficial owners of a beneficiary at the time of payout.

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

4.176.19 A direct life insurer shall not be required to inquire if there exists any beneficial owner in relation to, a customer or a beneficiary that is —

⁸ In relation to a beneficiary of a trust designated by characteristics or by class, the direct life insurer shall obtain sufficient information about the beneficiary to satisfy itself that it will be able to establish the identity of the beneficiary —

- (a) before making a distribution to that beneficiary; or
- (b) when that beneficiary intends to exercise vested rights.

- (a) a Singapore ~~government~~Government entity;
- (b) a foreign government entity;
- (c) an entity listed on the Singapore Exchange;
- (d) an entity listed on a stock exchange outside of Singapore that is subject to —
 - (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 ~~supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence, unless specifically notified by the Authority)~~set out in Appendix 1;
- (f) a financial institution incorporated or established outside Singapore that is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF; or
- (g) an investment vehicle where the managers are financial institutions —
 - (i) ~~supervised by the Authority~~ set out in Appendix 1; or
 - (ii) incorporated or established outside Singapore ~~that~~but are subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF,

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unless the direct life insurer has doubts about the veracity of the CDD information, or suspects that the customer, beneficiary, business relations with, or transaction is undertaken in the course of business relations for, the customer, may be connected with money laundering or ~~terrorist~~terrorism financing.

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4.186.20 For the purposes of paragraphs 4.176.19(f) and 4.176.19(g)(ii), a direct life insurer shall document the basis for its determination that the requirements in those paragraphs have been duly met.

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(VI) Identification and Verification of Identity of Payee

4.196.21 Where the payee is not the customer, a direct life insurer shall identify the payee and verify his identity ~~before~~at the time of making any of the following types of payment:

- (a) payment of the sum assured (or part thereof) upon the occurrence of the risk insured against in accordance with ~~the~~ life policy;
- (b) payment of the surrender value of a life policy;
- (c) refund of premium upon the avoidance, cancellation ~~and~~/or termination of ~~any~~ life policy; or
- (d) ~~refund of~~ any other payment made in relation to any life policy.

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

4.206.22 A direct life insurer shall ~~obtain, from the customer,~~ when processing the application to establish business relations, understand and as appropriate, obtain from the customer information as to the purpose and intended nature of business relations.

(VIII) Ongoing Monitoring

4.216.23 A direct life insurer shall monitor on an ongoing basis, its business relations with customers.

4.226.24 A direct life insurer shall, during the course of business relations with a customer, observe the conduct of the customer's life policy and scrutinise transactions undertaken in the course of business relations, to ensure that the transactions are consistent with the direct life insurer's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

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4.236.25 A direct life insurer shall pay special attention to all complex ~~or,~~ unusually large ~~transactions~~ or unusual patterns of transactions, undertaken in the course of business relations, that have no apparent or visible economic or lawful purpose.

6.26 For the purposes of ongoing monitoring, a direct life insurer shall put in place and implement adequate systems and processes, commensurate with the size and complexity of the direct life insurer, to —

- (a) monitor its business relations with customers; and
- (b) detect and report suspicious, complex, unusually large or unusual patterns of transactions.

4.246.27 A direct life insurer shall, to the extent possible, inquire into the background and purpose of the transactions in paragraph 4.236.25 and

document its findings with a view to making this information available to the relevant ~~competent~~ authorities should the need arise.

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

6.29 Where there are any reasonable grounds for suspicion that existing business relations with a customer are connected with money laundering or terrorism financing, and where the direct life insurer considers it appropriate to retain the customer —

(a) the direct life insurer shall substantiate and document the reasons for retaining the customer; and

(b) the customer's business relations with the direct life insurer shall be subject to commensurate risk mitigation measures, including enhanced ongoing monitoring.

6.30 Where the direct life insurer assesses the customer or the business relations with the customer referred to in paragraph 6.29 to be of higher risk, the direct life insurer shall perform enhanced CDD measures, which shall include obtaining the approval of the direct life insurer's senior management to retain the customer.

CDD Measures for Non-Face-to-Face Verification Business Relations

4.266.31 ~~A direct life insurer shall put in place develop~~ policies and procedures to address any specific risks associated with non-face-to-face business relationships with a customer or transactions undertaken in the course of non-face-to-face business relations for a customer.

4.276.32 ~~A direct life insurer shall implement the policies and procedures referred to in paragraph 4.266.31 when establishing business relations with a customer relationships and when conducting ongoing due diligence.~~

4.286.33 ~~Where there is no face-to-face contact, the direct life insurer shall carry out perform~~ CDD measures that are at least as stringent as those that would be required to be performed if there ~~were was~~ face-to-face contact.

Reliance by Acquiring Direct Life Insurer on Identification and Verification Measures Already Performed

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4.296.34 When a direct life insurer (“acquiring direct life insurer”) acquires, either in whole or in part, the business of another financial institution (whether in Singapore or elsewhere), the acquiring direct life insurer shall perform ~~CDD~~the measures as required by paragraphs 6, 7 and 8, on the customers acquired with the business at the time of acquisition except where the acquiring direct life insurer has —

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

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CDD Measures for Non-Policy Holders

~~4.30 — A life insurer that undertakes any transaction of a value exceeding S\$20,000 for any customer who does not otherwise have business relations with the life insurer shall —~~

- ~~(a) — establish and verify the identity of the customer as if the customer had applied to the life insurer 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.~~

~~4.31 — Where a life insurer 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 life insurer shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.~~

Timing for Verification

~~4.326.35~~ Subject to paragraphs ~~4.33 of this Notice~~6.36 and 6.37, a direct life insurer shall complete verification of the identity of a customer as required by paragraph 6.8, natural persons appointed to act on behalf of the customer as required by paragraph 6.11(b) and beneficial owners of the customer as required by paragraph 6.16 before the direct life insurer establishes business relations with the customer, and beneficial owner —

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(a) ~~before the life insurer establishes business relations; or~~

(b) ~~before the life insurer undertakes any transaction for a customer, where the customer does not have business relations with the life insurer.~~

4.336.36 A direct life insurer may establish business relations with a customer before completing the verification of the identity of the customer ~~and beneficial owners as required by paragraph 6.8, natural persons appointed to act on behalf of the customer as required by paragraph 6.11(b) and beneficial owners of the customer as required by paragraph 6.16~~ if —

(a) the deferral of completion of the verification ~~of the identity of the customer and beneficial owner~~ is essential in order not to interrupt the normal conduct of business operations; and

(b) the risks of money laundering and ~~terrorist~~terrorism financing can be effectively managed by the direct life insurer.

4.346.37 Where the direct life insurer establishes business relations with a customer before ~~verification of verifying~~ the identity of the customer ~~or beneficial owner, the~~as required by paragraph 6.8, natural persons appointed to act on behalf of the customer as required by paragraph 6.11(b), and beneficial owners of the customer as required by paragraph 6.16, the direct life insurer shall —

(a) develop and implement internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification; and

(b) complete such verification as soon as is reasonably practicable.

6.38 A direct life insurer shall verify the identity of —

(a) beneficiaries; and

(b) the beneficial owners of beneficiaries referred to in paragraph 6.14,

at the time of payout.

Where ~~CDD~~ Measures are not Completed

4.356.39 Where the direct life insurer is unable to complete ~~CDD~~the measures as required by paragraphs 6, 7 and 8, it shall ~~terminate the business relationship and not commence or continue business relations with any customer, including making any payment to a payee or beneficiary.~~ The direct life insurer shall consider if the circumstances are suspicious so as to warrant the filing of an STR.

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6.40 For the purposes of paragraph 6.39, completion of the measures means the situation where the direct life insurer has obtained, screened and verified (including by delayed verification as allowed under paragraphs 6.36 and 6.37) all necessary CDD information under paragraphs 6, 7 and 8, and where the direct life insurer has received satisfactory responses to all inquiries in relation to such necessary CDD information.

Jointly-Owned Policy

6.41 In the case of a jointly-owned policy, a direct life insurer shall perform CDD measures on all of the policy owners as if each of them were individual customers of the direct life insurer.

Existing Customers

4.366.42 A direct life insurer shall perform ~~such CDD~~the measures as required by paragraphs 6, 7 and 8 in relation to its existing customers, based on ~~as may be appropriate to its existing customers having regard to its own assessment of materiality and risk, taking into account any previous measures applied, the time when the measures were last applied to such existing customers and the adequacy of data, documents or information obtained.~~

Screening

6.43 A direct life insurer shall screen a customer, natural persons appointed to act on behalf of the customer, connected parties of the customer and beneficial owners of the customer against relevant money laundering and terrorism financing information sources, as well as lists and information provided by the Authority or other 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 direct life insurer shall screen the persons referred to in paragraph 6.43 —

- (a) when, or as soon as reasonably practicable after, the direct life insurer establishes business relations with a customer;
- (b) on a periodic basis after the direct life insurer 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 or other relevant authorities in Singapore to the direct life insurer; or

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

6.45 A direct life insurer shall screen, at the time of payout, each —

(a) payee;

(b) beneficiary; and

(c) beneficial owner of a beneficiary referred to in paragraph 6.14,

against relevant money laundering and terrorism financing information sources, as well as lists and information provided by the Authority or other relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks in relation to any such persons.

6.46 The results of screening and assessment by the direct life insurer shall be documented.

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57 SIMPLIFIED CUSTOMER DUE DILIGENCE

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5.17.1 Subject to paragraph 5.27.4, a direct life insurer may perform such simplified CDD measures as it considers adequate to effectively identify and verify the identity of ~~the~~ customer, any beneficiary, any natural person appointed to act on ~~the customer's~~ behalf of the customer, any beneficial owner of the customer (other than any beneficial owner that the direct life insurer is exempted from making inquiries about under paragraph 6.19) and any beneficial owner of a beneficiary referred to in paragraph 6.14 if it is satisfied that the risks of money laundering and ~~terrorist~~terrorism financing are low.

7.2 The assessment of low risks shall be supported by an adequate analysis of risks by the direct life insurer.

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

5.27.4 ~~No~~ A direct life insurer shall not perform simplified CDD measures — in the following circumstances:

(a) where a customer or any beneficial owner of the customer is from or in a country or jurisdiction in relation to which the FATF has called for countermeasures;

(a)(b) where ~~the a~~ customers or any beneficial owner of the customer are;

from or in ~~countries~~ a country and jurisdictions known to have inadequate AML/CFT measures, as determined by the direct life insurer for itself or notified to direct life insurers generally by the Authority or ~~by~~ other foreign regulatory authorities; or

[MAS Notice 314 (Amendment) 2009]

~~(b)~~(c) where the direct life insurer suspects that money laundering or terrorist financing is involved.

[MAS Notice 314 (Amendment) 2009]

~~5.37.5~~ Subject to paragraphs 7.2, 7.3 and 7.4, a direct life insurer may perform simplified CDD measures in relation to a customer that is a financial institution set out in Appendix 2 supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence, unless specifically notified by the Authority).

~~5.47.6~~ Where the direct life insurer performs simplified CDD measures in relation to a customer, any beneficiary, any natural person appointed to act on behalf of the customer, any beneficial owner of the customer and any beneficial owner of a beneficiary referred to in paragraph 6.14, it shall document —

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

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

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Politically Exposed Persons

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~~6.18.1~~ 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;

“family member” means a parent, step-parent, child, step-child, adopted child, spouse, sibling, step-sibling and adopted sibling of the politically exposed person;

“foreign politically exposed person” means a natural person who is or has been entrusted with prominent public functions in 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 which 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 functions in an international organisation;

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

(a) — a natural person who is or has been entrusted with prominent public functions whether in Singapore or a foreign country;
[MAS Notice 314 (Amendment)2009]

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

(c) — close associates of such a person.

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

8.2 A direct life insurer shall implement appropriate internal risk management systems, policies, procedures and controls to determine if a customer, any beneficiary, any natural person appointed to act on behalf of the customer, any connected party of the customer, any beneficial owner of the customer or any beneficial owner of a beneficiary referred to in paragraph 6.14 is a politically exposed person, or a family member or close associate of a politically exposed person.

6.28.3 A direct life insurer shall, in addition to performing CDD measures (specified in paragraph 46), perform at least the following enhanced CDD measures where a customer, any beneficiary, any beneficial owner of the customer or any beneficial owner of a beneficiary referred to in paragraph 6.14 is determined by the direct life insurer to be a in relation to politically exposed persons, or a family member or close associate of a politically exposed person under paragraph 8.2including but not limited to the following:

(a) — implement appropriate internal policies, procedures and controls to determine if a customer or beneficial owner is a politically exposed person;

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~~(b)~~(a) obtain approval from the direct life insurer's senior management to establish or continue business relations ~~where with the customer or beneficial owner is a politically exposed person or subsequently becomes a politically exposed person, including making any payment to a beneficiary;~~

~~(e)~~(b) establish, by appropriate and reasonable means, the source of wealth and source of funds of the customer ~~or and any~~ beneficial owner of the customer; and

~~(d)~~(c) conduct, during the course of business relations with the customer, enhanced monitoring of business relations with the customer. In particular, the direct life insurer shall increase the degree and nature of monitoring of the business relations with, and transactions undertaken in the course of business relations for, the customer, in order to determine whether they appear unusual or suspicious.

8.4 A direct life insurer may adopt a risk-based approach in determining whether to perform enhanced CDD measures or the extent of enhanced CDD measures 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 direct life insurer present a higher risk for money laundering or terrorism financing.

Other Higher Risk Categories

~~6.38.5~~ A direct life insurer shall implement appropriate internal risk management systems, policies, procedures and controls to determine if business relations with, or transactions undertaken in the course of business relations for, any customer perform enhanced CDD measures in paragraph 6.2 for such other categories of customers, business relations or transactions as the life insurer may assess to present a higher risk for money laundering and terrorist terrorism financing.

6.48.6 For the purposes of paragraph 8.5, circumstances where a customer presents or may present a higher risk for money laundering or terrorism financing include the following:

(a) where a customer, any beneficiary, any beneficial owner of the customer or any beneficial owner of a beneficiary referred to in paragraph 6.14 is from or in a country or jurisdiction in relation to which the FATF has called for countermeasures, the direct life insurer shall treat any business relations with, or transactions undertaken in the course of business relations for, any such customer as presenting a higher risk for money laundering or terrorism financing; and

(b) ~~A life insurer shall give particular attention to business relations and transactions with any person where a customer, any beneficiary, any beneficial owner of the customer or any beneficial owner of a beneficiary referred to in paragraph 6.14 is from or in a countriescountry andor~~ jurisdictions known to have inadequate AML/CFT measures, as determined by the direct life insurer for itself or notified to direct life insurers generally by the Authority or other foreign regulatory authorities, ~~the direct life insurer shall assess whether any such customer presents a higher risk for money laundering or terrorism financing.~~

8.7 A direct life insurer shall perform the appropriate enhanced CDD measures in paragraph 8.3 for business relations with, or transactions undertaken in the course of business relations for, any customer —

(a) who the direct life insurer determines under paragraph 8.5; or

(b) the Authority or other relevant authorities in Singapore notify to the direct life insurer,

as presenting a higher risk for money laundering or terrorism financing.

8.8 A direct life insurer shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the direct life insurer 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 MAS Act.

79 RELIANCE ON THIRD PARTIES PERFORMANCE OF CDD MEASURES BY INTERMEDIARIES

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

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

7.19.2 Subject to paragraph 7.29.3, a direct life insurer may rely on an intermediary third party to perform the CDD measures in paragraph 4 of this Notice as required by paragraphs 6, 7 and 8 if the following requirements are met:

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

[MAS Notice 314 (Amendment) 2009]

7.29.3 No direct life insurer shall rely on an intermediary third party to conduct ongoing monitoring of business relations with customers.

7.39.4 Where a direct life insurer relies on an intermediary third party to perform the CDD measures as required by paragraphs 6, 7 and 8, it shall: —

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(a) document the basis for its satisfaction that the requirements in paragraphs ~~79.1(a) and (b)~~ have been met, except where the ~~intermediary~~third party is a financial institution ~~supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence); set out in Appendix 2;~~ and

~~[MAS Notice 314 (Amendment) 2009]~~

(b) immediately obtain from the ~~intermediary~~third party the CDD information ~~relating to CDD measures which the third party had obtained by the intermediary.~~

~~[MAS Notice 314 (Amendment) 2009]~~

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

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810 RECORD KEEPING

10.1 A direct life insurer shall, in relation to all data, documents and information that the direct life insurer is required to obtain or produce to meet the requirements under this Notice, prepare, maintain and retain documentation on all its business relations and transactions with its customers records of such data, documents and information.

8.410.2 A direct life insurer shall perform the measures as required by paragraph 10.1 such that —

- (a) all requirements imposed by law (including this Notice) are met;
- (b) any individual transaction undertaken by the direct life insurer in the course of business relations can be reconstructed (including the amount and type of currency involved) so as to provide, if necessary, evidence for prosecution of criminal activity;
- (c) the Authority or other relevant ~~competent~~ authorities in Singapore and the internal and external auditors of the direct life insurer are able to review the direct life insurer's business relations, transactions undertaken in the course of business relations, records and CDD information and assess the level of compliance with this Notice; and
- (d) the direct life insurer can satisfy, within a reasonable time or any more specific time period imposed by law or by the requesting authority, any enquiry or order from the relevant ~~competent~~ authorities in Singapore for information.

8.210.3 Subject to paragraph 8.410.5 and any other requirements imposed by law, a direct life insurer shall, for the purposes of record retention under paragraphs 10.1 and 10.2, and when setting its record retention policies, comply with the following document record retention periods:

- (a) for CDD information relating to the business relations and transactions undertaken in the course of business relations, as well as policy files, business correspondence and results of any analysis undertaken, a period of at least 5 years following the termination of business relations for customer identification information, and other documents relating to the establishment of business relations, as well as policy files and business correspondence; and
- (b) for data, documents and information 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

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following the completion of the transaction ~~for records relating to a transaction, including any information needed to explain and reconstruct the transaction.~~

~~8.310.4~~A direct life insurer may retain data, documents 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.

~~8.410.5~~A direct life insurer shall retain records of data, documents 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 ~~for such longer period as may be necessary,~~ in accordance with any request or order from STRO or ~~from~~ other relevant ~~competent~~ authorities in Singapore.

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 direct life insurer shall not be required to provide an individual customer, an individual beneficiary, an individual appointed to act on behalf of a customer, an individual connected party of a customer, an individual beneficial owner of a customer, an individual beneficial owner of a beneficiary referred to in paragraph 6.14 or an individual payee, with: —

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

(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 direct life insurer; 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 direct life insurer.

11.3 A direct life insurer 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, an individual beneficial owner of the customer or an individual payee, provide the requesting individual with the right to: —

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

(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 residential address;

(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 (Act 26 of 2012), any other personal data of the respective individual provided by that individual to the direct life insurer; and

(b) subject to section 22(7) read with 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 subparagraphs (a)(i) to (vi), provided the direct life insurer is satisfied that there are reasonable grounds for such request.

11.4 For the purposes of complying with this Notice, a direct life insurer may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual beneficiary, an individual appointed to act on behalf of a customer, an individual connected party of a customer, an individual beneficial owner of the a customer, an individual beneficial owner of a beneficiary referred to in paragraph 6.14 or an individual payee, without the respective individual's consent.

912 SUSPICIOUS TRANSACTIONS REPORTING

9.4.12.1A direct life insurer shall keep in mind the provisions in the ~~Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act CDSA~~⁹ and in the ~~Terrorism (Suppression of Financing) Act (Cap. 325) TSOFA~~ that provide for the reporting to the ~~competent~~ authorities of transactions suspected of being connected with money laundering or ~~terrorist~~terrorism financing, and implement appropriate internal policies, procedures and controls for meeting its obligations under the law, including the following:

⁹ Please note in particular section 48 of the ~~Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act CDSA~~ on tipping-off.

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

[MAS Notice 314 (Amendment) 2013]

9-212.2A direct life insurer 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.

9-312.3A direct life insurer shall consider if the circumstances are suspicious so as to warrant the filing of an STR and document the basis for its determination, including where —

- (a) the direct life insurer is for any reason unable to complete ~~CDD~~the measures as required by paragraphs 6, 7 and 8; or
- (b) the customer is reluctant, unable or unwilling to provide any information requested by the direct life insurer, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

12.4 Where a direct life insurer forms a suspicion of money laundering or terrorism financing, and reasonably believes that performing any of the measures as required by paragraphs 6, 7 or 8 will tip-off a customer, a beneficiary, a natural person appointed to act on behalf of the customer, a connected party of the customer, a beneficial owner of the customer, a beneficial owner of a beneficiary referred to in paragraph 6.14 or a payee, the direct life insurer may stop performing those measures. The direct life insurer shall document the basis for its assessment and file an STR.

1013 INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING

~~10-113.1~~ A direct life insurer shall develop and implement adequate internal policies, procedures and controls, taking into consideration its money laundering and terrorism financing risks and the size of its business, to help prevent money laundering and ~~terrorist~~terrorism financing and communicate these to its employees and agents.

~~10-213.2~~ The policies, procedures and controls shall meet all requirements of this Notice ~~include, amongst other things, CDD measures, record retention, the detection of unusual and/or suspicious transactions and the obligation to make~~

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suspicious transaction reports.

~~10.3 A life insurer shall take into consideration money laundering and terrorist financing threats that may arise from the use of new or developing technologies, especially those that favour anonymity, in formulating its policies, procedures and controls.~~

Group Policy

13.3 For the purposes of paragraphs 13.4 to 13.9, a reference to direct life insurer means a direct life insurer incorporated in Singapore.

~~10.4~~13.4 A life insurer that is incorporated in Singapore shall develop a group policy on AML/CFT and extend this to all of its branches and subsidiaries outside Singapore.

13.5 A direct life insurer shall develop a group policy on AML/CFT to meet all requirements of this Notice and extend this to all of its branches and subsidiaries in its financial group.

~~10.5~~13.6 Where a direct life insurer has a branch or subsidiary in a host country or jurisdiction —

(a) in relation to which the FATF has called for countermeasures; or

(b) known to have inadequate AML/CFT measures (as determined by the direct life insurer for itself or notified to direct life insurers generally by the Authority or by other foreign regulatory authorities);

a) the direct life insurer shall ensure that its group policy on AML/CFT is strictly observed by the management of that branch or subsidiary.

13.7 Subject to the direct life insurer putting in place adequate safeguards to protect the confidentiality and use of any information that is shared, the direct life insurer shall develop and implement group policies and procedures for its branches and subsidiaries within the financial group, to share information required for the purposes of CDD and for money laundering and terrorism financing risk management, to the extent permitted by the law of the countries or jurisdictions that its branches and subsidiaries are in.

13.8 Such policies and procedures shall include the provision, to the direct life insurer's group-level compliance, audit, and AML/CFT functions, of customer, account, and transaction information from its branches and subsidiaries within the financial group, when necessary for money laundering and terrorism financing risk management purposes.

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

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

Compliance

10.813.11 A direct life insurer shall develop appropriate compliance management arrangements, including at least, the appointment of ~~a management level officer as the an~~ AML/CFT compliance officer at the management level.

10.913.12 A direct life insurer shall ensure that the AML/CFT compliance officer, as well as any other persons appointed to assist him, hasis suitably qualified and, has adequate resources and timely access to all customer records and other relevant information which ~~they require~~he requires to discharge ~~their~~his functions.

Audit

10.1013.13 A direct life insurer shall maintain an audit function that is adequately resourced and independent, and ~~which will be~~that is able to regularly assess the effectiveness of the direct life insurer's internal policies, procedures and controls, and its compliance with regulatory requirements.

Officer, Employee and Agent Hiring

10.1113.14 A direct life insurer shall have in place screening procedures to ensure high standards when hiring employees and appointing officers and agents.

Training

10.1213.15 A direct life insurer shall take all appropriate steps to ensure that its officers, employees, ~~officers~~¹⁰ and agents (whether in Singapore or

¹⁰ "Officer" —

1 — in relation to a life insurer that is a body corporate (other than a limited liability partnership), means any director or any member of the committee of management of the body corporate;

2 — in relation to a life insurer that is a partnership (including a limited liability partnership), means any partner and manager (in the case of a limited liability partnership); and

3 — in relation to a life insurer that is a body unincorporate (other than a partnership), means any member of the committee of management of the body unincorporate,

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~~overseaselsewhere~~) are 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 ~~terrorist~~terrorism financing; and
- (c) the direct life insurer's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of officers, employees, officers and agents in combating money laundering and ~~terrorist~~terrorism financing.

[MAS Notice 314 (Amendment) 2013]

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11 — PERSONAL DATA

11.1 — For the purposes of paragraph 11 —

- (a) — “personal data” has the same meaning as defined in section 2(1) of the Personal Data Protection Act (Cap. 26);
- (b) — “individual” means a natural person, whether living or deceased; and
- (c) — “connected parties”
 - (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.

11.2 — Subject to paragraph 11.3 and for the purposes of complying with this Notice, a life insurer shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party, an individual beneficial owner of a customer or an individual payee, with:

~~where applicable.~~

~~(a) — any access to personal data about the individual that is in the possession — or under the control of the life insurer;~~

~~(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 life insurer; 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 life insurer.~~

~~11.3 — A life insurer 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, an individual beneficial owner of the customer or an individual payee, 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 life insurer:~~

~~(i) his full name, including any alias;~~

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

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

~~(iv) his date of birth;~~

~~(v) his nationality;~~

~~(vi) subject to section 21(2) and (3) read with the Fifth Schedule to the Personal Data Protection Act, any other personal data of the respective individual provided by that individual to the life insurer; 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 life insurer is satisfied that there are reasonable grounds for such request.~~

~~11.4 — For the purposes of complying with this Notice, a life insurer 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, an individual beneficial owner of the customer or an individual payee, without the respective individual's consent.~~

~~[MAS Notice 314 (Amendment) 2014]~~

Endnotes on History of Amendments

1. [MAS Notice 314 dated 2 July 2007 with effect from 2 July 2007.](#)
 - (a) [MAS Notice 314 \(Amendment\) 2009 with effect from ~~dated~~ 3 July 2009.](#)
 - (b) [MAS Notice 314 \(Amendment\) 2009 with effect from 2 December 2009.](#)
 - (c) [MAS Notice 314 \(Amendment\) 2013 with effect from ~~dated~~ 23 January 2013.](#)
 - (d) [MAS Notice 314 \(Amendment\) 2014 dated 1 July 2014.](#)
2. [MAS Notice 314 dated 2 July 2007 cancelled with effect from 24 May 2015.](#)
3. [MAS Notice 314 dated 24 April 2015 with effect from 24 May 2015.](#)

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 administrated 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).
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.

Note: For the avoidance of doubt, the financial institutions set out in Appendix 2 fall within Appendix 1.

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).
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.