



**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 F - MAS NOTICE FAA-N06

1 Paragraph 4.1: Enterprise-wide Risk Assessment

1.1 Several respondents asked for examples of the steps that financial advisers should take to identify, assess and understand their money laundering (“ML”) or terrorism financing (“TF”) risks, especially in relation to:

- a) countries or jurisdictions where the financial adviser has operations in; and
- b) products, services, transactions and delivery channels of the financial adviser.

MAS’ Response

1.2 MAS has included under paragraph 4-6 of the Guidelines additional guidance on the broad ML/TF risk factors that financial advisers should consider for the purposes of the enterprise-wide risk assessment. Examples of the factors that financial advisers should consider when assessing ML/TF risks of their locations of operation include:

- a) any adverse news on a particular country or jurisdiction;
- b) the comprehensiveness of the country’s or jurisdiction’s anti-money laundering and countering the financing of terrorism (“AML/CFT”) laws, regulations and standards; and
- c) the assessment of the country’s or jurisdiction’s AML/CFT regime by an international body, such as the Financial Action Task Force

(“FATF”).

1.3 Examples of the factors that financial advisers should consider when assessing the ML/TF risks of the products, services, transactions and delivery channels of the financial adviser include:

- a) the nature, scale, diversity and complexity of the financial adviser’s business activities; and
- b) the nature of products and services offered by the financial adviser.

2 Paragraph 4.1: Incorporation of Results of National Risk Assessment (“NRA”) Report

2.1 A few respondents asked for further guidance on how financial advisers were expected to incorporate the results of the Singapore NRA report into their risk assessment process.

MAS’ Response

2.2 The Singapore NRA report is intended to help private sector better understand the ML/TF risks in their own industry sectors, as well as other sectors that they have dealings with. This allows financial advisers to better assess the adequacy of their AML/CFT controls, mitigate the risks identified and strengthen these controls where necessary. Relevant high risk financial or non-financial sectors identified in the NRA report should be factored into a financial adviser’s enterprise-wide risk assessment. Financial advisers should pay additional attention to prevailing crime types as identified in the Singapore NRA report in setting their transaction monitoring programmes. Respondents can refer to paragraphs 4-11 and 4-12 of the Guidelines for further details.

3 Paragraph 5.1: New Business Practices, New Delivery Mechanism

3.1 Some respondents asked about the approval process for risk assessment of new products, business practices, delivery mechanisms and technologies.

MAS’ Response

3.2 Financial advisers are expected to perform ML/TF risk assessments

for all new products, business practices, delivery mechanisms and the use of new or developing technologies for both new and pre-existing products. These assessments must be approved by their senior management and heads of business, risk and compliance.

4 Paragraph 6.2: Reasonable Grounds for Suspicion

4.1 Several respondents asked what constituted “reasonableness” under the term “reasonable grounds for suspicion” in paragraph 6.2 of the Notice. Specifically, they asked whether the refusal by prospective or existing customers to provide, or their inability to provide, complete information for CDD purposes constitutes reasonable grounds for suspicion for financial advisers to file suspicious transaction reports (“STRs”).

MAS’ Response

4.2 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”).

4.3 The example highlighted by respondents in paragraph 4.1 above is a trigger for financial advisers to further enquire into their customers or business relations with their customers. Where financial advisers are unable to complete CDD, they are not permitted to commence or continue business relations with these customers, or undertake any transaction for them as per paragraph 6.33 of the Notice. Financial advisers should consider the full facts and the circumstances of the transactions involved in deciding whether to file an STR.

4.4 An example of a situation where a financial adviser may consider as giving rise to “reasonable grounds for suspicion” is as follows:

A customer represents to a financial adviser that his source of funds and wealth are from personal savings arising from his employment income. However, the amount to be invested grossly exceeds the customer’s declared expected income. The financial adviser 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).

Financial advisers can refer to Appendix B – Examples of Suspicious Transactions in the Guidelines for further guidance on suspicious scenarios.

5 Paragraph 6.15: Identification of Beneficial Owners

5.1 Some respondents asked whether financial advisers were required to establish the existence of the beneficial owner of a customer where the customer was a government-owned entity or a majority-owned subsidiary of a publicly listed company referred to in paragraph 6.15(d) of the Notice¹.

MAS' Response

5.2 Financial advisers are not required to establish the existence of the beneficial owner of a customer that is a government-owned entity, whether local or foreign, unless the financial adviser has doubts about the veracity of the CDD information, or suspects that the customer, business relations with, or transaction for the customer may be connected with ML/TF activities.

5.3 Similarly, financial advisers are not required to establish the existence of the beneficial owner of a customer that is wholly-owned or majority-owned by the Singapore Government or a foreign government. However, if there are other non-governmental beneficial owners who own more than 25% of the customer or who otherwise control the customer, financial advisers are required to identify and verify these beneficial owners. This is reflected in paragraphs 6-8-10 and 6-8-11 of the Guidelines.

5.4 Financial advisers are not required to establish the existence of the beneficial owner of a customer that is a wholly owned or majority-owned subsidiary of a publicly listed company referred to in paragraph 6.15(d) of the Notice¹. However, if there are other non-publicly listed beneficial owners who own more than 25% of the customer or who otherwise control the customer, financial advisers are required to identify and verify these beneficial owners. This is reflected in paragraph 6-8-9 of the Guidelines.

¹ This paragraph was referenced as 6.21(d) in the draft Notice FAA-N06 sent out during the public consultation.

6 Paragraph 6.24: Retaining Customers Where There are Reasonable Grounds for Suspicion

6.1 A few respondents asked for further guidance on the mitigating measures financial advisers could adopt if they decided to retain a customer even after an STR had been filed.

MAS' Response

6.2 In addition to reporting the suspicious transaction or activity, financial advisers should ensure that appropriate action is taken to adequately mitigate the risk of the financial adviser being used for ML/TF activities. This must include enhanced ongoing monitoring. The financial adviser may also strengthen its AML/CFT processes or conduct a review of the risk classification of the customer or its business relations with the customer. This is reflected in paragraph 12-4 of the Guidelines.

7 Paragraph 6.37: Customer Screening and Parties to Screen

7.1 A few respondents asked about the parties that financial advisers were required to screen. Some respondents also asked for greater clarity on the ML/TF information sources that financial advisers should use for screening purposes.

MAS' Response

7.2 Financial advisers are required to screen the following parties: customers, natural persons appointed to act on behalf of customers, connected parties of customers and beneficial owners of customers. Financial advisers should ensure that the necessary CDD information on these parties is captured in its customer information database for periodic name screening against the various ML/TF information sources and databases. This is to enable financial advisers to promptly detect if any of the above parties subsequently become sanctioned or a high risk person.

7.3 Some examples of the ML/TF information sources financial advisers should use for screening include –

- (a) commercial ML/TF databases used to identify adverse information on individuals and entities;

- (b) information sources from the financial adviser’s head office or parent supervisory authorities which identify individuals and entities; and
- (c) lists of individuals and entities covered under the MAS Regulations² in relation to United Nations Security Council (“UNSC”) sanctions or the freezing of assets of persons.

7.4 MAS has provided more guidance on the topic of screening in paragraph 6-15 of the Guidelines.

8 Paragraph 7.1: Minimum Standards for Simplified CDD Measures

8.1 A respondent asked about the minimum standards expected for simplified CDD measures and in particular, whether beneficial owners of customers that qualified for simplified CDD would still need to be screened.

MAS’ Response

8.2 Paragraph 7.1 of the Notice permits financial advisers to apply simplified CDD measures if financial advisers are satisfied that the ML/TF risks posed by the customer are low. Financial advisers must still be able to effectively identify and verify the identity of a customer, any natural person appointed to act on behalf of the customer and any beneficial owner of the customer, as the case may be. For customers that fall under paragraph 6.15 of the Notice³, financial advisers are not required to establish the existence of any beneficial owner of the customers and as such, screening on any beneficial owner is not required. For all other beneficial owners of customers who are identified, financial advisers are required to screen them in accordance with paragraphs 6.37 – 6.39 of the Notice.

² These MAS Regulations are issued under Section 27A of the MAS Act.

³ Paragraph 6.15 of the Notice includes categories of customers which (i) are subject to MAS’ beneficial ownership checks or (ii) are of lower ML/TF risks. Examples of these categories include government entities, entities listed on the Singapore stock exchange and financial institutions that are licensed, approved, registered or regulated by MAS as set out in Appendix 1 of the Notice.

9 Paragraph 8.5: Other Higher Risk Categories

9.1 Questions were posed about enhanced CDD measures on customers from countries or jurisdictions that have been identified by FATF as being of higher risk or are known to have inadequate AML/CFT measures. In respect of paragraphs 8.5 to 8.8⁴ of the Notice, several respondents asked if financial advisers were allowed to use a risk-based approach to determine if enhanced CDD measures were needed for such customers.

MAS' Response

9.2 For customers or their beneficial owners from or in countries or jurisdictions against which FATF has called for countermeasures, financial advisers are required to treat any business relations or transactions with them as presenting higher ML/TF risks and perform the appropriate enhanced CDD measures. We have amended paragraphs 8.5 – 8.8 of the Notice to reflect this expectation.

9.3 With regard to customers or their beneficial owners from or in countries or jurisdictions known to have inadequate AML/CFT measures, financial advisers are required to assess whether each of them presents higher ML/TF risks, thus warranting enhanced CDD measures. This is reflected in paragraph 8-6-2 of the Guidelines.

MONETARY AUTHORITY OF SINGAPORE

24 April 2015

⁴These paragraphs were referenced as 8.5 – 8.7 in the draft Notice FAA-N06 sent out during the public consultation.

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 FAA-N06

1. Association of Financial Advisers
2. First State Investments (Singapore)
3. McGraw-Hill Financial Singapore Pte Ltd

Appendix B

MAS NOTICE FAA-N06 (Tracked Changes)

MAS Notice ~~No:~~FAA-N06

~~2 July 2007~~

~~Last revised on 1 July 2014~~

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

24 April 2015

NOTICE TO FINANCIAL ADVISERS

MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM – FINANCIAL ADVISERS

1 INTRODUCTION

1.1 This Notice is issued pursuant to section 27B of the Monetary Authority of Singapore Act (Cap. ~~186~~) and ~~applies to all the following: 186~~ (“MAS Act”) and ~~applies to the following, 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:~~

- (a) ~~licensed financial advisers; under the Financial Advisers Act (Cap. 110) (“FAA”);~~
- (b) ~~registered~~ insurance brokers ~~registered under the Insurance Act (Cap. 142) which, by virtue of such registration,~~ are exempt, under section 23(1)(c) of the ~~Financial Advisers Act (Cap. 110) (FAA),~~ FAA, from holding a financial adviser’s licence to act as a financial adviser in Singapore in respect of any financial advisory service; and
- (c) persons exempt, under section 23(1)(f) of the FAA read with regulation 27(1)(d) of the Financial Advisers Regulations (~~FAR~~) (Rg. 2), (“FAR”), from holding a financial adviser’s licence to act as a financial adviser in Singapore

in respect of any financial advisory service, ~~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.~~

[FAA-N06 (Amendment) 2009]

- 1.2 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 FAA-N06 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 financial adviser, means the natural person who ultimately owns or controls ~~at~~ the customer or the natural person on whose behalf a transaction is ~~being~~ conducted ~~or business relations are established~~ and includes ~~the~~ any person who exercises ultimate effective control over ~~body corporate or unincorporate;~~ a legal person or legal arrangement;

“business relations” means -

- a) the opening or maintenance of an account by the financial adviser in the name of ~~a person and~~; or
- b) the ~~undertaking~~ provision of ~~transactions~~ financial advice by the financial adviser ~~for that to~~,

a person (whether a natural ~~person on that account~~, legal person or legal arrangement);

~~“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;

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

“connected party” -

- (a) in relation to a legal person (other than a partnership), means any director or any natural person having executive authority in the legal person;
- (b) in relation to a legal person that is a partnership, means any partner or manager⁵; 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 financial adviser, means a person ~~in whose name an account is opened or intended to be opened and includes~~, (whether a natural person, legal person or legal arrangement) with whom the financial adviser establishes or intends to establish business relations and includes in the case where the financial adviser arranges a group life insurance policy, the owner of the master policy;

“FATF” means the Financial Action Task Force;

⁵ In the case of a limited liability partnership or a limited partnership.

“financial adviser” means:-

(a) a licensed financial ~~advisers~~;adviser under the FAA;

~~insurance brokers~~(b) a registered ~~under the Insurance Act (Cap. 142)~~insurance broker which, ~~by virtue of such registration, are~~ is exempt, under section 23(1)(c) of the ~~Financial Advisers Act (Cap. 110) (FAA);~~FAA, from holding a financial adviser’s licence to act as a financial adviser in Singapore in respect of any financial advisory service; and

~~persons~~(c) a person exempt, under section 23(1)(f) of the FAA read with regulation 27(1)(d) of the ~~Financial Advisers Regulations (FAR) (Rg 2)~~, from holding a financial adviser’s licence to act as a financial adviser in Singapore in respect of any financial advisory service, ~~except those~~

but does not include any person in (a), (b) or (c) which only ~~provide~~provides advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.;

[FAA-N06 (Amendment)-2009]

“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;

“officer” means any director or any member of the committee of management of the financial adviser;

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

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

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

“STR” means suspicious transaction report; ~~and~~

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

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

~~Unless~~“transaction”, in relation to a financial adviser, means any transaction undertaken in the course of its business relations with a customer and includes the sale or purchase of an investment product by a customer; and

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

2.2 The expressions used in this Notice shall, except where defined in this Notice or where 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~~ have the same meanings as in the FAA.

3 UNDERLYING PRINCIPLES

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

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

4 ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH

Risk Assessment

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

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

- (a) documenting the financial adviser'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 financial adviser'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 financial adviser shall
- (a) develop and implement policies, procedures and controls, which are approved by senior management, to enable the financial adviser to effectively manage and mitigate the risks that have been identified by the financial adviser 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 financial adviser 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 financial adviser 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 financial adviser 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 Account~~

~~4.16.1~~ No financial adviser shall open or maintain ~~an~~ anonymous ~~accounts~~account or ~~accounts~~an account in a fictitious ~~names~~name.

~~Where There Are Reasonable Grounds for Suspicion prior to the Establishment of Business Relations or Undertaking any Transaction~~

6.2 Prior to a financial adviser establishing business relations or undertaking any transaction, where the financial adviser 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 financial adviser shall

- (a) not establish business relations with, or undertake a transaction for, the customer; and
- (b) file an STR⁶, and extend a copy to the Authority for information.

When CDD ~~Measures are~~is to be Performed

~~4.26.3~~ A financial adviser shall perform ~~CDD~~the measures ~~in accordance with this Notice~~as required by paragraphs 6, 7 and 8 when ~~—~~

- (a) the financial adviser establishes business relations with any customer;

⁶ Please note in particular section 48 of the CDSA on tipping-off.

- (b) there is a suspicion of money laundering or ~~terrorist~~terrorism financing, notwithstanding that the financial adviser would ~~not~~ otherwise ~~not~~ be required by this Notice to perform ~~CDD~~the measures as required by paragraphs 6, 7 and 8; or
- (c) the financial adviser has doubts about the veracity or adequacy of any information previously obtained.

CDD Measures where Business Relations are Established

(l) Identification of ~~Customers~~Customer

~~4.36.4~~ A financial adviser shall identify each customer ~~who applies to the financial adviser to establish business relations.~~

~~4.46.5~~ For the ~~purpose~~purposes of paragraph ~~6.4.3~~, a financial adviser shall obtain ~~and record information of the customer, including but not limited to 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);
- (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);;~~
- ~~(e)~~(d) ~~Date~~date of birth, ~~establishment~~, incorporation or registration (as may be appropriate); and

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

~~4.56.6~~ Where the customer is a ~~company~~legal person or legal arrangement, the financial adviser shall, apart from identifying the customer, also identify the ~~directors of the company~~legal form, constitution and powers that regulate and bind the legal person or legal arrangement.

~~4.2~~—Where the customer is a ~~partnership or a limited liability partnership~~legal person or legal arrangement, the financial adviser shall, ~~apart from identifying~~ identify the connected parties of the customer, ~~also identify the partners.~~

~~4.66.7~~ Where the customer is ~~any other body corporate or unincorporate~~, by obtaining at least the ~~financial adviser shall, apart from identifying the customer, also establish the identity of the persons having executive authority in that body corporate or unincorporate.~~ following information of each connected party:

(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

~~4.3~~—A financial adviser shall verify the identity of the customer, using reliable, independent ~~sources.~~

~~4.76.8~~ A financial adviser shall ~~retain copies of all reference~~source data, documents used to verify the identity of the customer or information. Where the customer is a legal person or legal arrangement, a financial adviser 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.

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

~~4.86.9~~ Where ~~thea~~ customer appoints one or more natural persons to act on his behalf in establishing business relations with ~~thea~~ financial adviser or the customer is not a natural person, ~~athe~~ financial adviser shall —□

(a) identify ~~thee~~each natural ~~persons that act~~person who acts or ~~are~~is

appointed to act on behalf of the customer; 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

~~(a) verify the identity of these persons each natural person using reliable, independent sources; and~~

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

~~4.4~~ A financial adviser shall verify the due authority of ~~such persons each natural person appointed~~ to act on behalf of the customer.

~~4.96.10A~~ financial adviser shall verify the due authority of such persons to act by obtaining, ~~including but not limited to~~ at least the following:

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

(b) the specimen ~~signature~~ signature of ~~the persons~~ such natural person appointed.

~~4.106.11~~ Where the customer is a Singapore ~~government~~ Government entity, the financial adviser shall only be required to obtain such information as may be required to confirm that the customer is a Singapore ~~government~~ Government entity as asserted.

(IV) Identification and Verification of Identity of Beneficial Owners

4.116.12 Subject to paragraph 4.176.15, a financial adviser shall inquire if there exists any beneficial owner in relation to a customer.

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

(a) for customers 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 that are legal arrangements

(i) for trusts, identify the settlors, the trustees, the protector (if any), the beneficiaries (including every beneficiary that falls within a designated characteristic or class)⁷, 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

⁷ In relation to a beneficiary of a trust designated by characteristics or by class, the financial adviser 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.

- (ii) for other types of legal arrangements, identify persons in equivalent or similar positions, as those described under subparagraph (i).

~~4.136.14~~ Where the customer is not a natural person, the financial adviser shall ~~take reasonable measures to~~ understand the nature of the customer's business and its ownership and control structure ~~of the customer~~.

~~4.146.15~~ A financial adviser shall not be required to inquire if there exists any beneficial owner in relation to a customer that is —□

- (a) a Singapore ~~government~~Government entity;
- (b) a foreign government entity;
- (c) an entity listed on the Singapore Exchange;
- (d) an entity listed on a stock exchange outside of Singapore that is subject to ~~regulatory disclosure requirements~~;

~~(a) 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);~~

~~(b) —~~

- (i) ~~regulatory disclosure requirements; and~~
- (ii) ~~requirements relating to adequate transparency in respect of its beneficial owners (imposed through stock exchange rules, law or other enforceable means);~~

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

~~(e)(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

~~(f)(g)~~ an investment vehicle where the managers are financial institutions —□

- (i) ~~supervised by the Authority~~set out in Appendix 1; or

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

unless the financial adviser has doubts about the veracity of the CDD information, or suspects that the customer, business relations with, or transaction isfor the customer, may be connected with money laundering or ~~terrorist~~terrorism financing.

~~4.156.16~~ For the purposes of ~~paragraphs 4.17~~paragraph 6.15(f) and ~~4.176.15~~(g)(ii), a financial adviser shall document the basis for its determination that the requirements in those paragraphs have been duly met.

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

~~4.166.17~~ A financial adviser 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.

(VI) Ongoing Monitoring

~~4.176.18~~ A financial adviser shall monitor on an ongoing basis, its business relations with customers.

~~4.186.19~~ A financial adviser shall, during the course of business relations with a customer, observe the conduct of the customer's account and scrutinise transactions undertaken throughout the course of business relations, to ensure that the transactions are consistent with the financial adviser's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

~~4.196.20~~ A financial adviser shall pay special attention to all complex-~~or,~~ unusually large ~~transactions~~or unusual patterns of transactions, undertaken throughout the course of business relations, that have no apparent or visible economic or lawful purpose.

6.21 For the purposes of ongoing monitoring, a financial adviser shall put in place and implement adequate systems and processes, commensurate with the size and complexity of the financial adviser, to ☐

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

~~4.206.22~~ A financial adviser shall, to the extent possible, inquire into the background and purpose of the transactions in paragraph ~~4.22–6.20~~ and document its findings with a view to making this information available to the relevant ~~competent~~ authorities should the need arise.

~~4.216.23~~ A financial adviser 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.

6.24 Where there are any reasonable grounds for suspicion that existing business relations with or transactions for a customer are connected with money laundering or terrorism financing, and where the financial adviser considers it appropriate to retain the customer □

- (a) the financial adviser shall substantiate and document the reasons for retaining the customer; and
- (b) the customer's business relations with the financial adviser shall be subject to commensurate risk mitigation measures, including enhanced ongoing monitoring.

6.25 Where the financial adviser assesses the customer or the business relations with the customer referred to in paragraph 6.24 to be of higher risk, the financial adviser shall perform enhanced CDD measures, which shall include obtaining the approval of the financial adviser's senior management to retain the customer.

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

~~4.226.26~~ A financial adviser shall ~~put in place~~ develop policies and procedures to address any specific risks associated with non-face-to-face business ~~relationships~~ relations with a customer or transactions for a customer.

~~4.236.27~~ A financial adviser shall implement the policies and procedures referred to in paragraph ~~4.256.26~~ when establishing ~~business relations with a customer relationships~~ and when conducting ongoing due diligence.

~~4.246.28~~ Where there is no face-to-face contact, the financial adviser 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 Financial Adviser on Identification—and Verification Measures Already Performed

~~4.256.29~~ When a financial adviser (“acquiring financial adviser”) acquires, either in whole or in part, the business of another financial institution (whether in Singapore or elsewhere), the acquiring financial adviser 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 financial adviser 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 financial adviser as to the adequacy of AML/CFT measures previously adopted in relation to the business or part thereof now acquired by the acquiring financial adviser, ~~and document such enquiries~~.

Timing for Verification

~~4.266.30~~ Subject to ~~paragraph 4.30 of this Notice~~paragraphs 6.31 and 6.32, a financial adviser 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 6.9(b) and beneficial owner~~owners of the ~~customer as required by paragraph 6.13~~ before the financial adviser establishes business relations with ~~the~~ customer.

~~4.276.31~~ A financial adviser may establish business relations with a customer before completing the verification of the identity of the customer ~~and beneficial owner if—~~as required by paragraph 6.8, natural persons appointed to act on behalf of the customer as required by paragraph 6.9(b) and beneficial owners of

the customer as required by paragraph 6.13 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 financial adviser.

6.32 Where the financial adviser establishes business relations with a customer before ~~verification of~~verifying the identity of the customer ~~or as required by paragraph 6.8, natural persons appointed to act on behalf of the customer as required by paragraph 6.9(b) and beneficial owner~~owners of the customer as required by paragraph 6.13, the financial adviser 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

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

Where ~~CDD~~Measures are Not Completed

6.33 Where the financial adviser 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, or undertake any transaction for any customer.~~ The financial adviser shall consider if the circumstances are suspicious so as to warrant the filing of an STR.

~~6.33~~6.34 For the purposes of paragraph 6.33, completion of the measures means the situation where the financial adviser has obtained, screened and verified (including by delayed verification as allowed under paragraphs 6.31 and 6.32) all necessary CDD information under paragraphs 6, 7 and 8, and where the financial adviser has received satisfactory responses to all inquiries in relation to such necessary CDD information.

Joint Account

~~6.34~~6.35 In the case of a joint account, a financial adviser shall perform CDD measures on all of the joint account holders as if each of them were individually

customers of the financial adviser.

Existing Customers

6.36 A financial adviser shall perform ~~such CDD~~the measures as ~~may be appropriate~~required by paragraphs 6, 7 and 8 in relation to its existing customers ~~having regard to~~, based on 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

6.37 A financial adviser 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.

6.38 A financial adviser shall screen the persons referred to in paragraph 6.37 ☐

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

~~6.35~~6.39 The results of screening and assessment by the financial adviser shall be documented.

7 SIMPLIFIED CUSTOMER DUE DILIGENCE

7.1 Subject to paragraph ~~5.27.4~~, a financial adviser may perform such simplified CDD measures as it considers adequate to effectively identify and verify the identity of ~~the~~ customer, ~~any~~ natural person appointed to act on ~~the customer's~~ behalf of the customer and any beneficial owner of the customer (other than any beneficial owner that the financial adviser is exempted from making inquiries about under paragraph 6.15) if it is satisfied that the risks of money laundering and ~~terrorist~~terrorism financing are low.

7.2 ~~No~~The assessment of low risks shall be supported by an adequate analysis of risks by the financial adviser ~~shall~~.

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

7.4 A financial adviser shall not perform simplified CDD measures ~~in the following circumstances:~~

~~where the customers are from or in countries and jurisdictions~~

(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 a customer or any beneficial owner of the customer is from or in a country or jurisdiction known to have inadequate AML/CFT measures, as determined by the financial adviser for itself or notified to financial advisers generally by the Authority, or ~~by~~ other foreign regulatory authorities; or

~~{FAA-N06 (Amendment)-2009}~~

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

~~{FAA-N06 (Amendment)-2009}~~

7.5 ~~A~~Subject to paragraphs 7.2, 7.3 and 7.4, a financial adviser may perform simplified CDD measures in relation to a customer that is a financial institution

~~supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence, unless specifically notified by the Authority). set out in Appendix 2.~~

7.6 Where the financial adviser performs simplified CDD measures in relation to a customer, ~~any natural person appointed to act on behalf of the customer and any beneficial owner of the customer~~, it shall document —□

(a) ~~(a)~~ —the details of its risk assessment; and

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

8 ENHANCED CUSTOMER DUE DILIGENCE

Politically Exposed Persons

8.1 For the purposes of paragraph ~~6—8~~ □

~~“close associate” means a natural person who is closely connected to a politically exposed person—means—, either socially or professionally;~~

~~(a) —“domestic politically exposed person” means a natural person who is or has been entrusted domestically with prominent public functions—whether;~~

~~“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 Singapore or a foreign country;~~

~~[FAA-N06 (Amendment) 2009]~~

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

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

——“international organisation” means an entity established by formal political agreements between member countries that have the status of international treaties, whose existence is recognised by law in member countries and 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

“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.~~

~~1.5 — A financial adviser shall, in addition to performing the CDD measures specified in paragraph 4, perform enhanced CDD measures in relation to politically exposed persons, including but not limited to the following:~~

8.2 A financial adviser shall implement appropriate internal risk management systems, policies, procedures and controls to determine if a customer, any natural person appointed to act on behalf of the customer any connected party of the customer, or any beneficial owner of the customer is a politically exposed person~~;~~, or a family member or close associate of a politically exposed person.

8.3 A financial adviser shall, in addition to performing CDD measures (specified in paragraph 6), perform at least the following enhanced CDD measures where a customer or any beneficial owner of the customer is determined by the financial adviser to be a politically exposed person, or a family member or close associate of a politically exposed person under paragraph 8.2:

(a) obtain approval from the financial adviser’s senior management to

establish or continue business relations ~~where the customer or a beneficial owner is a politically exposed person or subsequently becomes a politically exposed person~~with the customer;

- (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
- ~~(a)~~—conduct, during the course of business relations with the customer, enhanced monitoring of business relations with the customer.

Other High Risk Categories

- (c) A In particular, the financial adviser shall ~~perform enhanced CDD measures in paragraph 6.2 for such other categories~~increase the degree and nature of ~~customers~~monitoring of the business relations ~~or~~with and transactions ~~as~~for the customer, in order to determine whether they appear unusual or suspicious.

8.4 A financial adviser may ~~assess to~~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 financial adviser present a higher risk for money laundering and terrorist~~ terrorism financing.

Other Higher Risk Categories

8.5 A financial adviser shall ~~give particular attention~~ implement appropriate internal risk management systems, policies, procedures and controls to determine if business relations ~~and~~ with or transactions ~~with~~ for any ~~person~~ customer present a higher risk for money laundering or terrorism financing.

8.6 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 or any beneficial owner of the customer is from or in ~~countries~~ a country or jurisdiction in relation to which the FATF has called for countermeasures, the financial adviser shall treat any business relations with or transactions for any such customer as presenting a higher risk for money laundering or terrorism financing; and ~~jurisdictions~~

~~(a)~~(b) where a customer or any beneficial owner of the customer is from or in a country or jurisdiction known to have inadequate AML/CFT measures, as determined by the financial adviser for itself or notified to financial advisers generally by the Authority or other foreign regulatory authorities, the financial adviser shall assess whether any such customer presents a higher risk for money laundering or terrorism financing.

~~2~~ — PERFORMANCE OF CDD MEASURES BY INTERMEDIARIES

8.7 A financial adviser shall perform the appropriate enhanced CDD measures in paragraph 8.3 for business relations with or transactions for any customer

(a) who the financial adviser determines under paragraph 8.5; or

(b) the Authority or other relevant authorities in Singapore notify to the financial adviser,

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

8.8 A financial adviser shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the financial adviser 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.

9 RELIANCE ON THIRD PARTIES

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

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

~~9.19.2~~ Subject to paragraph ~~7.29.3~~, a financial adviser may rely on ~~an intermediary~~ a 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 financial adviser 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 ~~intermediary~~ financial adviser takes appropriate steps to identify, assess and understand the money laundering and terrorism financing risks particular to the countries or jurisdictions that the third party operates in;
- ~~(b)~~(c) the third party is not one ~~on~~ which financial advisers have been specifically precluded by the Authority from relying upon; and

(e)(d) the ~~intermediary~~third party is able and willing to provide, without delay, upon the financial adviser's request, any ~~document data, documents or information~~ obtained by the ~~intermediary~~third party with respect to the ~~measures applied on the financial adviser's customer~~, which the financial adviser would be required or would want to obtain.

~~{FAA-N06 (Amendment) 2009}~~

~~9.29.3~~ No financial adviser shall rely on ~~an intermediary~~a third party to conduct ongoing monitoring of ~~business relations with~~ customers.

~~9.39.4~~ Where a financial adviser relies on ~~an intermediary~~a third party to perform the ~~CDD~~measures as required by paragraphs 6, 7 and 8, it shall:- □

(a) document the basis for its satisfaction that the requirements in paragraph ~~7.19.2(a) and (b)~~ have been met, except where the ~~intermediary~~third party is a financial institution ~~supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence); and set out in Appendix 2; and~~

~~{FAA-N06 (Amendment) 2009}~~

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

~~{FAA-N06 (Amendment) 2009}~~

~~9.49.5~~ For the avoidance of doubt, notwithstanding the reliance upon ~~an intermediary~~a third party, the financial adviser shall remain responsible for its AML/CFT obligations in this Notice.

10 RECORD KEEPING

10.1 A financial adviser shall, ~~in relation to all data, documents and information that the financial adviser 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 ~~that~~—data,

documents and information.

10.2 A financial adviser shall perform the measures required by in paragraph 10.1 such that

- (a) all requirements imposed by law (including this Notice) are met;
- (b) any individual transaction undertaken by the financial adviser 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 financial adviser are able to ~~assess~~review the financial adviser's business relations, transactions, records and CDD information and assess the level of compliance with this Notice; and
- (d) the financial adviser 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.

~~10.2~~10.3 Subject to paragraph ~~8.4~~10.5 and any other requirements imposed by law, a financial adviser 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) ~~a period of at least 5 years following the termination of business relation for customer identification~~for CDD information, ~~and other documents~~ relating to the ~~establishment of~~ business relations, as well as account files ~~and~~, business correspondence; and ~~results of any analysis undertaken~~, a period of at least 5 years following the termination of such business relations; and

~~a period of at least 5 years following the completion of the transaction for records~~

- (b) for data, documents and information relating to a transaction, including any information needed to explain and reconstruct the transaction, ~~—~~, a period of at least 5 years following the completion of the transaction.

~~40.310.4~~ A financial adviser 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.

~~40.410.5~~ A financial adviser shall retain records of data, documents and information on all its business relations with or transactions for a customer pertaining to a matter which is under investigation or which has been the subject of an STR ~~for such longer period as may be necessary~~, in accordance with any request or order from STRO or ~~from~~ other relevant ~~competent~~ authorities in Singapore.

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 financial adviser shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with ☐

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

11.3 A financial adviser shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to ☐

- (a) access the following types of personal data of that individual, that is in the possession or under the control of the financial adviser:
 - (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 2012 (Act 26 of 2012), any other personal data of the respective individual provided by that individual to the financial adviser; 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 financial adviser is satisfied that there are reasonable grounds for such request.

11.4 For the purposes of complying with this Notice, a financial adviser may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, without the respective individual's consent.

4112 SUSPICIOUS TRANSACTIONS REPORTING

41.112.1 A financial adviser shall keep in mind the provisions in the ~~Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act⁸CDSA⁹~~ 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:

(a) establish a single reference point within the organisation to whom all employees, ~~representatives and officers~~ are instructed to promptly refer

⁸ ~~Please note in particular section 48 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act on tipping-off.~~

⁹ Please note in particular section 48 of the CDSA on tipping-off.

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.

[FAA-N06 (Amendment) 2013]

~~41.2~~12.2 A financial adviser 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.

~~41.3~~12.3 A financial adviser 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 financial adviser is for any reason unable to complete ~~CD~~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 financial adviser, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

12.4 Where a financial adviser 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 natural person appointed to act on behalf of the customer, a connected party of the customer or a beneficial owner of the customer, the financial adviser may stop performing those measures. The financial adviser shall document the basis for its assessment and file an STR.

~~42~~13 INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING

~~42.1~~13.1 A financial adviser 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.

~~2.1~~ The policies, procedures and controls shall ~~include, amongst other things, CDD measures, record retention, the detection of unusual and/or suspicious transactions and the obligation to make suspicious transaction reports.~~

~~12.2~~13.2 A financial adviser 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~~ this Notice.

Group Policy

~~13.3~~ For the purposes of paragraphs 13.4 to 13.9, a reference to financial adviser ~~that~~ means a financial adviser incorporated in Singapore.

~~12.3~~13.4 A financial adviser 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 outside Singapore in its financial group.

13.5 Where a financial adviser 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 financial adviser for itself or, notified to financial advisers generally by the Authority, or by other foreign regulatory authorities),~~,

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

~~13.6~~ Subject to the financial adviser putting in place adequate safeguards to protect the confidentiality and use of any information that is shared, the financial adviser 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.

~~13.7~~ Such policies and procedures shall include the provision, to the financial adviser'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.

42.413.8 Where the AML/CFT requirements in the host country or jurisdiction differ from those in Singapore, the financial adviser 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.

42.513.9 Where the law of the host country or jurisdiction conflicts with Singapore law such that the overseas branch or subsidiary is unable to fully observe the higher standard, the financial ~~adviser's head office shall~~ **adviser 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

42.613.10 A financial adviser 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**.

42.713.11 A financial adviser shall ensure that the AML/CFT compliance officer, as well as any other persons appointed to assist him, ~~has~~ **is 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

42.813.12 A financial adviser 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 financial adviser's internal policies, procedures and controls, and its compliance with regulatory requirements.

Employee **and Representative** Hiring

42.913.13 A financial adviser shall have in place screening procedures to ensure high standards when hiring employees, ~~and~~ **appointing officers and representatives**.

Training

~~12.1013.14~~ A financial adviser shall take all appropriate steps to ensure that its employees ~~and~~, officers ¹⁰ ~~and representatives~~ (whether in Singapore or ~~overseas elsewhere~~) 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 ~~terroristterrorism~~ financing; and
- (c) the financial adviser's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of employees ~~and~~, officers ~~and representatives~~ in combating money laundering and ~~terroristterrorism~~ financing.

[FAA-N06 (Amendment)-2013]

~~3~~ ~~PERSONAL DATA~~

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

- (a) ~~“personal data” has the same meaning as defined in section 2(1) of the Personal Data Protection Act (Cap. 26);~~
- (b) ~~“individual” means a natural person, whether living or deceased; and~~
- (c) ~~“connected party”~~
 - (i) ~~in relation to a company, means any director or any natural person having executive authority in the company;~~
 - (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~~

¹⁰ ~~“Officer”~~—

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

~~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 financial adviser shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with:~~

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

~~(a) 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 financial adviser; and~~

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

~~11.3 A financial adviser shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to:~~

~~(a) access the following types of personal data of that individual, that is in the possession or under the control of the financial adviser:~~

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

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

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

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

~~(iii) his nationality;~~

~~(iv) 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 financial adviser; and~~

~~(a) 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 financial adviser is satisfied that there are reasonable grounds for such request.~~

~~11.4 For the purposes of complying with this Notice, a financial adviser may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, without the respective individual's consent.~~

~~[FAA-N06 (Amendment) 2014]~~

Endnotes on History of Amendments

1. MAS Notice FAA-N06 dated 2 July 2007 with effect from 2 July 2007.
 - (a) MAS Notice FAA-N06 (Amendment) 2009 ~~dated~~with effect from 3 July 2009.
 - (b) MAS Notice FAA-N06 (Amendment) 2009 ~~dated~~with effect from 2 December 2009.
 - (c) MAS Notice FAA-N06 (Amendment) 2013 ~~dated~~with effect from 23 January 2013.
 - (d) MAS Notice FAA-N06 (Amendment) 2014 ~~dated~~with effect from 1 July 2014.
2. MAS Notice FAA-N06 dated 2 July 2007 cancelled with effect from 24 May 2015.
3. MAS Notice FAA-N06 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 administered by the Authority, including a private trust company exempted from licensing under section 15 of the Trust Companies Act (Cap. 336) read with regulation 4 of the Trust Companies (Exemption) Regulations (Rg. 1).
2. Persons exempted under section 23(1)(f) of the Financial Advisers Act (Cap. 110) read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg. 2).
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.