



## **ANNEX H - MAS NOTICE PSOA-N02**

### **1 Paragraph 2.1: Definition of Business Relations**

1.1 MAS expects relevant holders to apply Customer Due Diligence (“CDD”) measures when they establish “business relations” with any customer. However, the industry requested for further clarification on the definition of “business relations” in paragraph 2.1 of the draft MAS Notice PSOA-N02 (“the Notice”).

#### MAS’ Response

1.2 Examples in relation to the definition of “business relations” are included in paragraph 2-1 of the Guidelines to MAS Notice PSOA-N02 (“the Guidelines”).

### **2 Paragraph 4: Assessing Risks and Applying a Risk-based Approach**

2.1 The industry asked if MAS would be prescribing or providing guidance on how relevant holders should adopt the risk assessment required under paragraph 4.1 of the Notice and the risk mitigation approach under paragraph 4.2 of the Notice.

#### MAS’ Response

2.2 Given the different business structures and the range of activities performed by relevant holders, it is not possible for MAS to prescribe a common approach for all relevant holders. Relevant holders may develop their own risk assessment and risk mitigation approach to fit their structure and operations but should take into consideration the guidance provided by MAS in the Guidelines.

2.3 MAS has included additional guidance under paragraph 4 of the Guidelines on the broad money laundering (“ML”)/terrorism financing (“TF”) risk factors that relevant holders should consider for the purposes of the risk assessment on an enterprise-wide level, as well as measures

to assess the effectiveness of the risk mitigation procedures and controls.

### **3 Paragraph 6.2: Reasonable Grounds for Suspicion**

3.1 The industry highlighted a concern that the refusal to enter business relations or to undertake a transaction for the prospective customer who has triggered reasonable grounds for suspicion might tip-off the customer.

#### MAS' Response

3.2 MAS noted the concern and added paragraph 13.4 in the Notice to allow a relevant holder to stop performing measures that it reasonably believe might tip-off the prospective customer. However, the relevant holder should document the basis of its assessment and decision and file a suspicious transaction report ("STR").

### **4 Paragraph 6.18<sup>1</sup>: Purpose and Intended Nature of Business Relations**

4.1 The industry asked for greater clarity on MAS' expectation of the level of details required to determine the purpose and intended nature of business relations and whether a risk-based approach could be used to obtain the required information.

#### MAS' Response

4.2 In response to the feedback, MAS has clarified on the measures to be taken by a relevant holder to understand the purpose and intended nature of business relations, and use of the obtained information to enable more effective ongoing monitoring under paragraph 6-9-1 of the Guidelines.

### **5 Paragraph 6.39<sup>2</sup>: Frequency of Screening**

5.1 With regard to subparagraph 6.39(b) of the Notice, the industry asked for greater clarity on the frequency of periodic screening.

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<sup>1</sup> This paragraph was referenced as 6.23 in the draft Notice PSOA-N02 sent out during the public consultation.

<sup>2</sup> This paragraph was referenced as 6.44 in the draft Notice PSOA-N02 sent out during the public consultation.

### MAS' Response

5.2 Relevant holders are required to put in place policies, procedures and controls that clearly set out the frequency of periodic screening in accordance with the relevant holders' business and risk profile. This is reflected in paragraph 6-15-3 of the Guidelines.

5.3 Relevant holders may adopt a risk-based approach to determine the frequency of screening. For higher risk customers, screening should be done more frequently as part of their periodic CDD review. However, relevant holders should minimally screen all their customers and their relevant parties against lists of sanctioned individuals and entities whenever those lists are updated as per subparagraph 6.39(c) of the Notice. This is reflected in paragraph 6-15-6 and 6-15-9 of the Guidelines.

## **6 Paragraph 9.1: Reliance on Third Parties**

6.1 The industry highlighted that the definition of "third party" seemed to limit the ability of relevant holders to rely only on a third party that could meet the criteria set out in paragraph 9.1 of the Notice, which could lead to operational difficulties.

### MAS' Response

6.2 In a third-party reliance scenario, the third party typically has an existing business relationship with the customer that is independent of the relationship between the customer and the relying relevant holder. The third party therefore performs CDD according to its AML/CFT policies, procedures and controls. Specifically, subparagraph 9.2(a) of the Notice requires participating relevant holders to be satisfied that the third party that they intend to rely upon is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the Financial Action Task Force ("FATF"), and has adequate measures in place to comply with those requirements.

**MONETARY AUTHORITY OF SINGAPORE**

24 April 2015

## **Appendix A**

### **List of Respondents to the Consultation Paper on Proposed Amendments to the MAS AML/CFT Notice to Financial Institutions on Prevention of Money Laundering and Countering the Financing of Terrorism – MAS Notice PSOA-N02**

Not applicable

Note: The list of respondents is indicated as “Not applicable” as all respondents requested that their submissions be kept confidential. As such, the feedback and responses provided in this document reflect the broad issues raised by the industry.

## Appendix B

### MAS NOTICE PSOA-N02 (Tracked Changes)

MAS Notice PSOA-N02

~~5 November 2007~~ 24 April 2015  
~~Last revised on 1 July 2014~~  
~~(Refer to endnotes for history of amendments)~~

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

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

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#### **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 holders, as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A) (“PSOA”), of relevant stored value facilities (“relevant holders”) in Singapore.

1.2 ~~The Notice shall take effect on 12 November 2007~~ Except for paragraphs 4 and 5, this Notice shall take effect from 24 May 2015. Paragraphs 4 and 5 shall take effect from 24 July 2015. MAS Notice PSOA-N02 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 user of a stored value facility~~customer of a relevant holder, means the natural person who ultimately owns or controls the ~~user or the person on~~customer or the natural person (including the end-user) on whose behalf a relevant transaction is ~~being conducted~~ or business relations are established, and includes ~~the any~~ person who exercises ultimate effective control over a ~~body corporate or unincorporate~~legal person or legal arrangement;

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

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

“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 manager<sup>3</sup>; and

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

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

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

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

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<sup>3</sup> In the case of a limited liability partnership or a limited partnership.

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

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

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

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

~~“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 relevant holder;~~

~~“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;~~

~~“redemption”, in relation to a relevant stored value facility, means using the stored value of the facility or any part of it to purchase goods or services;~~

~~“refund”, in relation to a relevant stored value facility, means the conversion of unused stored value of the facility to a sum of money;~~

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

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

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

~~(c) a redemption; or~~

~~a refund;~~

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

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

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

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

~~“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).~~

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

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

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

~~2.3 A reference to the completion of performance of the DD measures is a reference to the situation when the holder has received satisfactory responses to all inquiries relating to those measures.~~

~~2.42.3 Unless the context otherwise requires, a reference to a financial institution licensed, approved, registered or regulated by the Authority under any law does not include a reference to any person who is exempted from being licensed,~~



~~approved, registered or regulated by the Authority. 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 PSOA.~~

### 3 UNDERLYING PRINCIPLES

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

(a) ~~The holder must~~ A relevant holder shall exercise due diligence when dealing with ~~users of that facility, beneficial owners of those users and other persons appointed to act on those users' behalf~~ customers, natural persons appointed to act on the customer's behalf, connected parties of the customer and beneficial owners of the customer.

(b) ~~The holder must~~ A relevant holder shall conduct ~~his-its~~ business in conformity with high ethical standards, and guard against establishing any business relations or undertaking any transaction, that is or may be connected with, or ~~which~~ may facilitate money laundering or terrorism financing.

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

### 4 ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH

#### Risk Assessment

4.1 A relevant holder shall take appropriate steps to identify, assess and understand, its money laundering and terrorism financing risks in relation to —

(a) its customers;

(b) the countries or jurisdictions its customers are from or in;

(c) the countries or jurisdictions the relevant holder has operations in; and

(d) the products, services, transactions and delivery channels of the relevant holder.

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

(a) documenting the relevant holder's risk assessments;

(b) considering all the relevant risk factors before determining the level of overall risk and the appropriate type and extent of mitigation to be applied;

(c) keeping the relevant holder'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 relevant holder shall —

(a) develop and implement policies, procedures and controls, which are approved by senior management, to enable the relevant holder to effectively manage and mitigate the risks that have been identified by the relevant holder or notified to it by the Authority or other relevant authorities in Singapore;

(b) monitor the implementation of those policies, 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 relevant holder shall identify and assess the money laundering and terrorism financing risks that may arise in relation to —

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

(b) the use of new or developing technologies for both new and pre-existing products.

5.2 A relevant holder shall undertake the risk assessments, prior to the launch or use 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 relevant holder 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.

## 6 CUSTOMER DUE DILIGENCE (“CDD”)

### Anonymous or Fictitious Account

6.1 No relevant holder shall open or maintain an anonymous account or an account in a fictitious name.

### Where There Are Reasonable Grounds for Suspicion prior to the Establishment of Business Relations or Undertaking any Transaction without opening an Account

6.2 Prior to a relevant holder establishing business relations, where the relevant holder 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 relevant holder shall —

(a) not establish business relations with, or undertake a transaction for, the customer; and

(b) file an STR<sup>4</sup>, and extend a copy to the Authority for information.

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

6.3 A relevant holder shall perform the measures as required by paragraphs 6, 7 and 8 when —

(a) a user purchases the facility or obtains a refund in relation to that facility~~the relevant holder establishes business relations with any customer;~~

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

<sup>4</sup> Please note in particular section 48 of the CDSA on tipping-off.

- (c) the relevant holder has doubts about the veracity or adequacy of any information previously obtained.

6.4 Where a relevant holder suspects that two or more transactions are or may be related, linked or the result of a deliberate restructuring of an otherwise single transaction into smaller transactions in order to evade the measures provided for in this Notice, the relevant holder shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.

#### Identification of Users (I) Identification of Customer

6.5 The holder of a relevant stored value facility shall establish the identity of a user who purchases the facility or obtains a refund in relation to that facility. A relevant holder shall identify each customer.

6.6 For the purposes of paragraph 4.26.5, ~~the a relevant~~ holder shall obtain ~~and record~~ at least the following information ~~of the user~~:

- (a) full name, including any aliaseses;
- (b) unique identification number (such as an identity card number, birth certificate number or passport number, or where the user is not a natural person, the incorporation number or business registration number);

- (c) the customer's —
- (i) existing residential address; or,
- (ii) registered or business address, (as the case may be) and contact telephone number and if different, principal place of business;

as may be appropriate;

- (d) date of birth, establishment, incorporation or registration (as ~~the case may be~~ may be appropriate); and

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

~~6.7 Where the user is a company, the holder shall also establish the identities of all the directors of the company as if such directors were themselves users making the purchase or obtaining the refund.~~ Where a customer is a legal person or legal arrangement, the relevant holder shall, apart from identifying the customer, also identify the legal form, constitution and powers that regulate and bind the legal person or legal arrangement.

~~6.8 Where the user is a partnership or a limited liability partnership, the holder shall also establish the identities of all the partners as if such partners were themselves users making the purchase or obtaining the refund.~~ Where the customer is a legal person or legal arrangement, the relevant holder shall identify the connected parties of the customer, by obtaining at least the following information of each connected party:

~~(a) full name, including any aliases; and~~ (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).~~ (b) unique identification number (such as an identity card number, birth certificate number or passport number of the connected party).

~~6.8 Where the user is any other body corporate or unincorporate, the holder shall also establish the identities of the persons having executive authority in that body as if such persons were themselves users making the purchase or obtaining the refund.~~

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

~~6.9 The holder of a relevant stored value facility shall verify the identity of a user who purchases the facility or obtains a refund in relation to that facility, using reliable and independent sources.~~

~~6.10~~ 6.9 The holder shall retain copies of all reference documents used in establishing and verifying the identity of each user. A relevant holder shall verify the identity

of the customer using reliable, independent source data, documents or information. Where the customer is a legal person or legal arrangement a relevant holder 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.

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

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

(a) identify each natural person who acts or 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);

(i) residential address;

(j) date of birth;

(k) nationality; and

(b) verify the identity of each natural person using reliable, independent source data, documents or information.

(a)——6.11 A relevant holder shall verify the due authority of each natural person appointed to act on behalf of the customer by obtaining at least the appropriate documentary evidence authorising the appointment of such natural person by the customer to act on his or its behalf.establish the identity of the person

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

~~(b)~~

~~(c) — verify his identity using reliable and independent sources; and~~

~~(d)~~

~~(e) — retain copies of all reference documents used to verify his identity.~~

~~(f)~~

~~(g)(c) The holder shall verify the authority of the person to act on behalf of the user.~~

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

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

6.13 Subject to paragraph ~~4.156.16~~, ~~the a relevant~~ holder ~~of a relevant stored value facility~~ shall inquire ~~of a user seeking to purchase the facility or obtain a refund in relation to the facility~~ if there exists any beneficial owner in relation to ~~the user~~a customer.

6.14 Where there is one or more beneficial owner in relation to a customer, the relevant holder shall identify the beneficial owners and take reasonable measures to verify the identities of the beneficial owners using the relevant information or data obtained from reliable, independent sources. The relevant holder 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)<sup>5</sup>, 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). ~~When the holder becomes aware, whether pursuant to the inquiry or otherwise, that there is one or more beneficial owners in relation to the user, the holder shall take reasonable measures to obtain information sufficient to identify and verify the identity of each beneficial owner.~~

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

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

<sup>5</sup> In relation to a beneficiary of a trust designated by characteristics or by class, the relevant holder 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 entity;

~~(a)(b)~~ a foreign government entity;

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

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

(i) regulatory disclosure requirements; and

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

~~(e)(e)~~ a financial institution ~~licensed, approved, registered or regulated by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence under the Money Changing and Remittance Businesses Act (Cap. 187), unless specifically notified by the Authority)~~ set out in Appendix 1;

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

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

(i) ~~licensed, approved, registered or regulated by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence under the Money Changing and Remittance Businesses Act (Cap. 187), unless specifically notified by the Authority)~~ set out in Appendix 1; or

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

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

6.17 For the purposes of paragraphs ~~4.15(e)~~6.16(f) and ~~4.15(f)(ii)~~6.16(g)(ii), ~~the a~~ relevant holder shall document the basis for its determination that the requirements in those paragraphs have been duly met.

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

~~6.17~~6.18 ~~A relevant holder shall, 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.~~

#### Review of Relevant Transactions (VI) Ongoing Monitoring

6.19 ~~A relevant holder shall monitor on an ongoing basis, its business relations with customers~~When the holder of a relevant stored value facility deals with any request for a relevant transaction, the holder shall review the earlier relevant transactions (if any) undertaken by the user concerned to ensure that the current transaction is consistent with his knowledge of the user.

~~6.18~~6.20 ~~A relevant holder shall, during the course of business relations with a customer, observe the conduct of the customer's account and scrutinise transactions undertaken throughout the course of business relations, to ensure that the transactions are consistent with the relevant holder's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.~~

6.21 ~~The holder~~A relevant holder shall pay special attention to all complex, ~~or~~ unusually large ~~or unusual~~ relevant transactions or unusual patterns of ~~relevant~~ transactions, undertaken throughout the course of business relations, in respect of that facility, that have no apparent ~~economic~~ or visible economic or lawful purpose.

6.22 For the purposes of ongoing monitoring, a relevant holder shall put in place and implement adequate systems and processes, commensurate with the size and complexity of the relevant holder to —

(a) monitor its business relations with customers; and

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

6.23 ~~The A relevant~~ holder shall, to the extent possible, inquire into the background and purpose of the ~~relevant business~~ transactions ~~referred to~~ in paragraph ~~4.186.21~~ and document its findings with a view to making this information available to the relevant ~~competent~~ authorities ~~in Singapore, including the Authority,~~ should the need arise.

6.24 A relevant holder shall 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 of the 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.

6.25 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 relevant holder considers it appropriate to retain the customer —

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

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

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

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

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

6.246.28 The holder shall implement the policies and procedures referred to in paragraph 4.206.27 when a user purchases the facility or obtains a refund in relation to that facility and when conducting a review of relevant transactions under paragraphs 4.17 to 4.19 establishing business relations with a customer and when conducting ongoing due diligence.

6.29 Where there is no face-to-face contact, the relevant holder shall carry out DD 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 Relevant Holder on Measures Already Performed

6.30 When a relevant holder ("acquiring relevant holder") acquires, either in whole or in part, the business of another relevant holder (whether in Singapore or elsewhere), the acquiring relevant holder shall perform 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 relevant holder has

(a) acquired at the same time all corresponding customer records (including CDD information) and has no doubt or concerns about the veracity or adequacy of the information so acquired; and

- (b) conducted due diligence enquiries that have not raised any doubt on the part of the acquiring relevant holder as to the adequacy of AML/CFT measures previously adopted in relation to the business or part thereof now acquired by the acquiring relevant holder, and document such enquiries.

### **Timing for Performing Due Diligence Measures Verification**

~~6.31~~ Subject to paragraphs 6.32 and 6.33, a relevant holder shall complete verification of the identity of a customer as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b) and beneficial owners of the customer as required by paragraph 6.14 before the relevant holder establishes business relations with the customer.

~~7.31—6.32~~ A relevant holder may establish business relations with a customer before completing the verification of the identity of the customer as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b) and beneficial owners of the customer as required by paragraph 6.14 if —~~Subject to paragraph 4.24, the holder of a relevant stored value facility shall complete performing all applicable DD measures before allowing any user to purchase the facility or obtain a refund in relation to the facility.~~

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

- (a) the deferral of ~~such completion~~ of the verification is essential in order not to interrupt the normal conduct of business operations ; and
- (b) the risks of money laundering and terrorism financing can be effectively managed by the relevant holder.

~~6.33~~ 4.25—Where the relevant holder establishes business relations with a customer before verifying the identity of the customer as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b), and beneficial owners of the customer as required by paragraph 6.14, the relevant holder 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 the holder allows the user to purchase the facility before completion of performance of DD measures, the holder shall complete those measures as soon as is reasonably practicable.

### **Where ~~Due Diligence~~ Measures are Not Completed**

64.2634 Where the relevant holder is unable to complete the measures as required by paragraphs 6, 7 and 8, it shall not commence or continue business relations with any customer, or undertake any transaction for any customer. The relevant holder shall consider if the circumstances are suspicious so as to warrant the filing of an STR. Where the holder of a relevant stored value facility is unable to complete performing DD measures, he shall terminate the facility and consider if the circumstances are suspicious so as to warrant the filing of an STR in accordance with the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A).

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

### **Joint Account**

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

## **Existing ~~Users~~Customers**

~~6.374.27~~ The holder of a relevant stored value facility~~A relevant holder~~ shall perform such ~~DD~~the measures as may be appropriate to its existing users having regard to his~~is~~required by paragraphs 6, 7 and 8 in relation to its existing customers 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**

6.38 A relevant holder 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.

6.39 A relevant holder shall screen the persons referred to in paragraph 6.38 —

(a) when, or as soon as reasonably practicable after, the relevant holder establishes business relations with a customer;

(b) on a periodic basis after the relevant holder establishes business relations with the customer; and

(c) when there are any changes or updates to

(i) the lists and information provided by the Authority or other relevant authorities in Singapore to the relevant holder; or

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



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

## 87 SIMPLIFIED CUSTOMER DUE DILIGENCE

75.1 Subject to paragraph 75.42, the a relevant holder of a relevant stored value facility may perform such simplified CDD measures as he it considers adequate to effectively identify and verify the identity of the user a customer, any natural person appointed to act on the user's behalf of the customer and any beneficial owner of the customer (other than any beneficial owner that the relevant holder is exempted from making inquiries about under paragraph 6.16) if he is satisfied that the risks of money laundering and terrorism financing are low.

7.2 The assessment of low risks shall be supported by an adequate analysis of risks by the relevant holder.

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

7.4 The holder shall not perform simplified CDD measures in the following circumstances:

(a) where one or more transactions undertaken by the relevant holder for a customer (other than transactions undertaken by the relevant holder to transfer funds from the customer's relevant stored value facility directly to that customer's bank account) in any one year period cumulatively exceeds S\$5,000<sup>6</sup>;

(b) 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) where the users area customer or any beneficial owner of the customer is from or in a countryies andor jurisdictions known to have inadequate laws for preventing money laundering or terrorism financing AML/CFT measures, as determined by the relevant holder for himself-itself or notified to relevant holders generally by the Authority or by other foreign regulatory authorities; or

(c)

<sup>6</sup> Please note paragraph 6.4 of the Notice.

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

~~(c)~~

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

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

~~5.3—7.5 A transaction undertaken by the relevant holder to transfer funds from a customer's relevant stored value facility directly to that customer's bank account shall not be a transaction for the purposes of paragraph 7.4(a), if that the bank account is not opened or maintained in a country or jurisdiction known to have inadequate AML/CFT measures (as determined by the relevant holder for itself or notified to relevant holders generally by the Authority or by other foreign regulatory authorities).~~

~~7.6 Subject to paragraphs 7.2, 7.3 and 7.4, a relevant holder may perform simplified CDD measures in relation to a customer that is a financial institution set out in Appendix 2. The holder may perform simplified DD measures for a user that is a financial institution licensed, approved, registered or regulated by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence under the Money Changing and Remittance Businesses Act (Cap. 187), unless specifically notified by the Authority).~~

~~7.4 Where the relevant holder performs simplified CDD measures in relation to a user/customer, any natural person appointed to act on behalf of the customer and any beneficial owner of the customer, heit shall document —~~

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

## **8 ENHANCED CUSTOMER DUE DILIGENCE**

### **~~Enhanced Due Diligence Measures for~~ Politically Exposed Persons**

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

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

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

“family member” means a 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

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

8.2 A relevant holder shall 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 relevant holder 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 relevant

holder 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 relevant holder's senior management to establish or continue business relations with the customer;
- (b) establish, by appropriate and reasonable means, the source of wealth and source of funds of the customer and any beneficial owner of the customer; and
- (c) conduct, during the course of business relations with the customer, enhanced monitoring of the business relations with the customer. In particular, the bank shall increase the degree and nature of monitoring of the business relations with and transactions for the customer, in order to determine whether they appear unusual or suspicious.

8.4 A relevant holder 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 relevant holder present a higher risk for money laundering or terrorism financing. For the purposes of paragraph 6—

~~“politically exposed person” means~~

~~a natural person who is or has been entrusted with prominent public functions whether in Singapore or a foreign country;~~

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

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

~~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 servants, senior judicial officials, senior military officials, senior executives of state owned corporations, and important political party officials.~~

~~The holder of a relevant stored value facility shall, in addition to performing DD measures, perform enhanced DD measures in relation to politically exposed persons, including but not limited to the following:~~

~~implementing appropriate internal policies, procedures and controls to determine if a user or beneficial owner of the person (if any) is a politically exposed person;~~

~~obtaining approval from the holder’s senior management to allow a user to purchase a relevant stored value facility or obtain a refund in relation to the facility where the user is a politically exposed person or subsequently becomes a politically exposed person; and~~

~~establishing, by appropriate and reasonable means, the source of wealth and source of funds of the user and the beneficial owner of the user (if any).~~

### **Enhanced Due Diligence measures in other cases Other Higher Risk Categories**

**8.5 A relevant holder shall implement appropriate internal risk management systems, policies, procedures and controls to determine if business relations**

with or transactions for any 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 a country or jurisdiction in relation to which the FATF has called for countermeasures, the relevant holder shall treat any business relations with or transactions for any such customer as presenting a higher risk for money laundering or terrorism financing; and

(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 relevant holder for itself or notified to relevant holders generally by the Authority or other foreign regulatory authorities, the relevant holder shall assess whether any such customer presents a higher risk for money laundering or terrorism financing.

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

(a) who the relevant holder determines under paragraph 8.5; or

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

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

8.8 A relevant holder shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the relevant holder or notified to it by the Authority or other relevant authorities in Singapore, ensure that the enhanced CDD measures take into account the requirements of any

laws, regulations or directions administered by the Authority, including but not limited to the regulations or directions issued by the Authority under section 27A of the MAS Act.

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

~~Without prejudice to the generality of paragraph 6.3, enhanced DD measures shall be performed for a user from, or in, countries and jurisdictions known to have inadequate laws for preventing money laundering or terrorism financing, as determined by the holder for himself or notified to holders generally by the Authority or other foreign regulatory authorities.~~

## **9 PERFORMANCE OF DUE DILIGENCE MEASURES AND ENHANCED DUE DILIGENCE MEASURES BY INTERMEDIARIES RELIANCE ON THIRD PARTIES**

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

(a) a financial institution set out in Appendix 2; and

(b) a financial institution which is subject to and supervised by a foreign authority for compliance with AML/CFT requirements consistent with standards set by the FATF (other than a holder of a money-changer’s licence or a holder of a remittance licence, or equivalent licences).

9.19.2 Subject to paragraph 7.29.3, the a relevant holder of a relevant stored value facility may use another person (referred to in this paragraph as an intermediary) rely on a third party to perform ~~DD~~ the measures as required in paragraphs 6, 7 and 8 if the following requirements are met:

(a) the relevant holder is satisfied that the intermediary ~~he~~ third party it intends to rely upon is subject to, and supervised for compliance with, AML/CFT requirements consistent with standards set by the FATF, and

has adequate measures AML/CFT measures in place to comply with those requirements;

~~(b)~~ the relevant holder takes appropriate steps to identify, assess and understand the money laundering and terrorism financing risks particular to the countries or jurisdictions that the third party operates in;

~~(b)(c)~~ the third party is not one which relevant holders have been specifically precluded by the Authority from relying upon; and the Authority has not informed the holder that he cannot rely on the intermediary or a description of intermediaries to which the intermediary belongs;

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

[MAS Notice PSOA-N02 (Amendment) 2009]

~~9.29.3~~ No A-relevant holder shall not use an intermediary rely on a third party to conduct a review of relevant transactions under paragraphs 4.17 to 4.19 ongoing monitoring of business relations with customers.

~~9.39.4~~ Where a relevant holder uses an intermediary relies on a third party to perform DDthe measures as required by paragraphs 6, 7 and 8, heit shall —:

(a) document the basis for ~~his~~ its satisfaction that the requirements in paragraph ~~7.1(a)~~ 9.2(a) and (b) have been met, except where the third party is a financial institution set out in Appendix 2 unless the intermediary is a financial institution licensed, approved, registered or regulated by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence under the Money Changing and Remittance Businesses Act (Cap. 187), unless specifically notified by the Authority); and



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

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

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

9.5 For the avoidance of doubt, notwithstanding the reliance upon a third party, the relevant holder shall remain responsible for its AML/CFT obligations in this Notice~~the holder of a relevant stored value facility remains responsible for compliance with his obligations under paragraphs 4 to 6 notwithstanding his use of an intermediary under this paragraph.~~

## 10 CORRESPONDENT ACCOUNTS

10.1 Paragraph 10 applies to a relevant holder when it provides correspondent account services or other similar services in Singapore to a financial institution that is operating outside Singapore.

10.2 For the purposes of paragraph 10 —

“correspondent account services” means the provision of services under a cross-border relationship between a relevant holder and a respondent financial institution, for the relevant holder to provide access to a relevant stored value facility, whether for the respondent financial institution as principal or for that respondent financial institution’s customers;

“payable-through account” means an account maintained with the relevant holder by the respondent financial institution for the provision of correspondent account services, but which is accessible directly by a third party to effect transactions on its own behalf;

“respondent financial institution” means a financial institution operating outside Singapore to which correspondent account services or other similar services are provided;

“shell financial institution” means a financial institution incorporated, formed or established in a country or jurisdiction where the financial institution has no physical presence and which is unaffiliated with a financial group that is subject to effective consolidated supervision; and

“similar services” include services undertaken for transactions or funds transfers, for the financial institution respondent, whether as principal or for its customers.

10.3 A relevant holder in Singapore shall perform the following measures, in addition to CDD measures, when providing correspondent account services or other similar services:

(a) assess the suitability of the respondent financial institution by taking the following steps:

(i) gather adequate information about the respondent financial institution to understand fully the nature of the respondent financial institution’s business, including making appropriate inquiries on its management, its major business activities and the countries or jurisdictions in which it operates;

(ii) determine from any available sources the reputation of the respondent financial institution and the quality of supervision over the respondent financial institution, including whether it has been the subject of money laundering or terrorism financing investigation or regulatory action; and

(iii) assess the respondent financial institution’s AML/CFT controls and ascertain that they are adequate and effective, having regard to the AML/CFT measures of the country or jurisdiction in which the respondent financial institution operates;

(b) clearly understand and document the respective AML/CFT responsibilities of the relevant holder and the respondent financial institution; and

(c) obtain approval from the relevant holder’s senior management before providing correspondent account services or similar services to a new financial institution.

10.4 Where the correspondent account services or similar services involve a payable-through account, the relevant holder shall be satisfied that —

(a) the respondent financial institution has performed appropriate measures at least equivalent to those specified in paragraph 6 on the third party having direct access to the payable-through account; and

(b) the respondent financial institution is able to perform ongoing monitoring of its business relations with that third party and is willing and able to provide CDD information to the relevant holder upon request.

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

10.6 No relevant holder shall enter into or continue correspondent account services or other similar services relationship with another financial institution that does not have adequate controls against money laundering or terrorism financing activities, is not effectively supervised by the relevant authorities or is a shell financial institution.

9.410.7A relevant holder shall also take appropriate measures when establishing correspondent account services or other similar services relationship, to satisfy itself that its respondent financial institutions do not permit their accounts to be used by shell financial institutions.

## 4011 **RECORD KEEPING**

11.1 A relevant holder shall, in relation to all data, documents and information that the relevant holder is required to obtain or produce to meet the requirements under this Notice, prepare, maintain and retain records of such data, documents and information.

~~10.111.2~~ The holder of a relevant stored value facility shall prepare, maintain and retain documentation on all relevant transactions relating to that facilityA relevant holder shall perform the measures as required by paragraph 11.1 such that —

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

~~10.211.3~~ Subject to paragraph 8.411.5 and any other requirements imposed by law, a relevant holder shall, for the purposes of record retention under paragraphs 11.1 and 11.2 and when setting its record retention policies, comply with the following record retention periods~~any other law, the holder shall:~~

- (a) for CDD information relating to the business relations, transactions undertaken in the course of business relations, as well as account files, business correspondence and results of any analysis undertaken, a period of at least 5 years following the termination of such business relations or completion of such transactions~~retain for a period of at least 5 years following the termination of the facility, all information identifying the user (including information in respect of which the holder has not completed performing DD measures), as well as account documents and business correspondence, relating to the facility; 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 following the completion of the transaction~~retain for a period of at least 5 years following the termination of the facility, records relating to any relevant transaction relating to that facility, including any information needed to explain and reconstruct the transaction.~~

~~40.311.4~~ The A relevant holder 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.

~~40.411.5~~ The A relevant holder shall retain records of data, document 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.

## **12 PERSONAL DATA**

12.1 For the purposes of paragraph 12, “individual” means a natural person, whether living or deceased.

12.2 Subject to paragraph 12.3 and for the purposes of complying with this Notice, a relevant holder shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with —

- (a) any access to personal data about the individual that is in the possession or under the control of the relevant holder;
- (b) any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the relevant holder; and

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

12.3 A relevant holder shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to —

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

(i) his full name, including any alias;

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

(iii) his 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 relevant holder; 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 relevant holder is satisfied that there are reasonable grounds for such request.

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

## 44.13 SUSPICIOUS TRANSACTIONS REPORTING

~~44.113.1~~ A relevant holder shall keep in mind the provisions in the CDSA<sup>7</sup> and in the TSOFA that provide for the reporting to the authorities of transactions suspected of being connected with money laundering or terrorism financing and implement appropriate internal policies, procedures and controls for meeting its obligations under the law, including the following~~For the purpose of complying with section 39(1) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act and Part III of the Terrorism (Suppression of Financing) Act (Cap. 325), the holder of a relevant stored value facility shall implement appropriate internal policies, procedures and controls including at least the following:~~

- ~~(a)~~ establish a single reference point within the organisation to whom all employees and officers of the holder are instructed to promptly refer all matters transactions which they know or suspected of being connected with money laundering or terrorism financing, for possible referral to STRO via STRs~~may be required to be disclosed under those provisions for possible referral to the relevant competent authorities under those provisions;~~ and

(a)

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

- ~~(b)~~ keep records of all matters which have been referred to the relevant authorities under these provisionstransactions referred to STRO, together with all internal findings and analysis done in relation to them.

~~44.213.2~~ ~~The~~ A relevant holder shall promptly submit reports on suspicious transactions , (including attempted transactions) regardless of the amount of the transaction, to STRO, to STRO, and extend a copy to the Authority for information.

~~44.313.3~~ ~~The~~ A relevant holder shall consider if the circumstances are suspicious so as to warrant the filing of an STR ~~in accordance with the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A), and document the basis for its determination, including where —~~

<sup>7</sup> Please note in particular section 48 of the CDSA on tipping-off.

(a) ~~a~~ the relevant holder is for any reason unable to complete the DD measures as required by paragraphs 6, 7 and 8; or

(b) ~~a user~~ the customer is reluctant, unable or unwilling to provide any information requested by the relevant holder, decides to withdraw a pending application to ~~enter into a relevant transaction with the holder~~ reestablish business relations or a pending transaction, or to terminate existing business relations.

13.4 ~~Where a relevant holder 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 relevant holder may stop performing those measures. The relevant holder shall document the basis for its assessment and file an STR.~~

#### 1214 ~~INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING~~

~~12.1~~ ~~The~~ A relevant holder ~~of a relevant stored value facility~~ shall develop and implement adequate internal policies, procedures and controls, taking into consideration its money laundering and terrorism financing risks and the size of its business, to help prevent money laundering and terrorism financing and communicate these to ~~its~~ his employees.

14.1

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

~~12.2~~ ~~The~~ policies, procedures and controls shall ~~include at least policies, procedures and controls for performing DD measures, and his obligations under paragraphs 8 and 9.~~

~~12.3~~ ~~The~~ holder shall ~~take into consideration the risks of money laundering and terrorism financing that may arise as a result of the use of new or developing technologies, especially those that favour anonymity, in formulating its policies, procedures and controls~~ meet all requirements of this Notice.

~~12.4~~



## **Group Policy**

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

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

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

~~12.514.2 If for any reason the management of the branch or subsidiary is unable to fully comply with the higher of the two requirements in paragraph 10.6, the holder shall report this to the Authority and comply with such further directions as may be given by the Authority.~~

## **Compliance management arrangements**

~~12.614.3 The A relevant holder of a relevant stored value facility shall develop appropriate compliance management arrangements, including at least, the appointment of an officer an AML/CFT compliance officer, at the management level holding a managerial position as an officer responsible for ensuring compliance with this Notice.~~

~~12.714.4 The A relevant holder shall ensure that the AML/CFT compliance officer, as well as any other persons appointed to assist him, is suitably qualified and, has~~

adequate resources and timely access to all user-customer records and other relevant information which they-he may requires to discharge their-his functions.

## Audit

~~12.814.5~~ The A relevant holder ~~of a relevant stored value facility~~ shall maintain an audit function that is adequately resourced and independent, and ~~which-that~~ is able to regularly assess the effectiveness of the relevant holder's internal policies, procedures and controls ~~referred to in paragraphs 10.1 to 10.3~~, and its compliance with ~~this Notice~~ regulatory requirements.

## Employee Hiring

~~12.914.6~~ The A relevant holder ~~of a relevant stored value facility~~ shall have in place screening procedures to ensure high standards when hiring employees and appointing officers.

## Training

~~12.1014.7~~ The A relevant holder ~~of a relevant stored value facility~~ shall take reasonable all appropriate steps to ensure that ~~his-its~~ employees and officers<sup>8</sup> (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 terrorist financing; and

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<sup>8</sup> ~~“Officer”~~

~~(a) in relation to a holder of a relevant stored value facility 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 holder of a relevant stored value facility 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 holder of a relevant stored value facility that is a body unincorporate (other than a partnership), means any member of the committee of management of the body unincorporate,~~

~~where applicable.~~

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

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

~~(e)(c)~~

### ~~13~~ ~~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 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 holder of a relevant stored value facility 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 holder;~~

~~(b) any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the holder; and~~

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

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

~~(a) — access the following types of personal data of that individual, that is in the possession or under the control of the holder of a relevant stored value facility:~~

~~(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 holder; and~~

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

~~11.4 — For the purposes of complying with this Notice, a holder of a relevant stored value facility may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an~~

individual beneficial owner of a customer, without the respective individual's consent.

~~[MAS Notice PSOA-N02 (Amendment) 2014]~~

#### Endnotes on History of Amendments

1. MAS Notice PSOA-N02 dated 2 July 2007 with effect from 2 July 2007.
  - (a) MAS Notice PSOA-N02 (Amendment) 2009 ~~dated with effect from~~ 3 July 2009.
  - (a)(b) MAS Notice PSOA-N02 (Amendment) 2009 with effect from 2 December 2009
  - (b)(c) MAS Notice PSOA-N02 (Amendment) 2013 ~~dated with effect from~~ 23 January 2013.
  - (d) MAS Notice PSOA-N02 (Amendment) 2014 ~~dated with effect from~~ 1 July 2014.
2. MAS Notice PSOA-N02 dated 2 July 2007 cancelled with effect from 24 May 2015.
- ~~4.3.~~ MAS Notice PSOA-N02 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);
  - (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.