

## **MAS Notice 3001**

24 April 2015

Last revised on 9 January 2019

(Refer to endnotes for history of amendments)

NOTICE TO HOLDERS OF MONEY-CHANGER'S LICENCE AND REMITTANCE LICENCE  
MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

### **PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM - HOLDERS OF MONEY-CHANGER'S LICENCE AND REMITTANCE LICENCE**

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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 of a money-changer's licence issued under section 7 of the Money-changing and Remittance Businesses Act (Cap. 187) ("MCRB Act") and all holders of a remittance licence issued under section 8 of the MCRB Act (hereinafter "licensees").
- 1.2 Except for paragraphs 4, 5, 10 and 11, this Notice shall take effect from 24 May 2015. Paragraphs 4, 5, 10 and 11 shall take effect from 24 July 2015. MAS Notice 3001 dated 2 July 2007 is cancelled with effect from 24 May 2015.

#### **2 DEFINITIONS**

- 2.1 For the purposes of this Notice —

"account relationship" means the opening or maintenance of an account by the licensee in the name of a person (whether a natural person, legal person or legal arrangement);

"AML/CFT" means anti-money laundering and countering the financing of terrorism;

"Authority" means the Monetary Authority of Singapore;

"beneficial owner", in relation to a customer of a licensee, means the natural person who ultimately owns or controls the customer or the natural person on whose behalf a relevant business transaction is conducted or an account relationship is established, and includes any person who exercises ultimate effective control over a legal person or legal arrangement;

"beneficiary institution" means the financial institution that receives the wire transfer from the ordering institution, directly or through an intermediary institution, and makes the

funds available to the wire transfer beneficiary;

“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>1</sup>; and
- (c) in relation to a legal arrangement, means any natural person having executive authority in the legal arrangement;

“cross-border wire transfer” means a wire transfer where the ordering institution and the beneficiary institution are located in different countries or jurisdictions and also refers to any chain of wire transfer in which at least one of the financial institutions involved is located in a different country or jurisdiction;

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

- (a) with whom the licensee establishes or intends to establish an account relationship; or
- (b) for whom the licensee undertakes or intends to undertake a relevant business transaction without an account being opened, including in the case of an inward remittance transaction, the person to whom the licensee pays out funds in cash or cash equivalent in Singapore and the person on behalf of whom such funds are paid out in Singapore;

“domestic wire transfer” means a wire transfer where the ordering institution and beneficiary institution are located in the same country or jurisdiction and also refers to any chain of wire transfer that takes place entirely within a country, even though the system used to transfer the payment message may be located in another country or jurisdiction;

“FATF” means the Financial Action Task Force;

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<sup>1</sup> In the case of a limited liability partnership or a limited partnership.

“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;

“licensee” means a holder of a money-changer’s licence under section 7 of the MCRB Act or a holder of a remittance licence under section 8 of the MCRB Act;

“non-face-to-face business contact” means the establishment of an account relationship with a customer, or the undertaking of a relevant business transaction for a customer without an account being opened for the customer, without face-to-face contact with the customer;

“officer” —

- (a) in relation to a licensee that is a legal person (other than a partnership), means any director or any member of the committee of management of the legal person;
- (b) in relation to a licensee that is a partnership, means any partner or manager; and
- (c) in relation to a licensee that is a legal arrangement, means any member of the committee of management of the legal arrangement;

“ordering institution” means the financial institution that initiates the wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the wire transfer originator;

“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;

“relevant business transaction” —

- (a) in relation to a holder of a money-changer’s licence means —
  - (i) a money-changing transaction of an aggregate value not less than

S\$5,000; or

- (ii) an inward remittance transaction from another country or jurisdiction to Singapore; or
- (b) in relation to a holder of a remittance licence means, a remittance transaction, whether from Singapore to another country or jurisdiction or from another country or jurisdiction to Singapore;

“STR” means suspicious transaction report;

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

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

“wire transfer” refers to any transaction carried out on behalf of a wire transfer originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary person at a beneficiary institution, irrespective of whether the originator and the beneficiary are the same person.

- 2.2 A reference to any threshold or value limit expressed in S\$ shall include a reference to the equivalent amount expressed in any other currency.
- 2.3 The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in section 2(1) of the MCRB Act.

### **3 UNDERLYING PRINCIPLES**

- 3.1 This Notice is based on the following principles, which shall serve as a guide for all licensees in the conduct of their operations and business activities:
  - (a) A licensee shall exercise due diligence when dealing with customers, natural persons appointed to act on the customer’s behalf, connected parties of the customer and beneficial owners of the customer.
  - (b) A licensee shall conduct its business in conformity with high ethical standards, and guard against establishing any account relationship or undertaking any transaction, that is or may be connected with or may facilitate money laundering or terrorism financing.
  - (c) A licensee shall, to the fullest extent possible, assist and cooperate with the relevant law enforcement authorities in Singapore to prevent money laundering and terrorism financing.

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

### **Risk Assessment**

- 4.1 A licensee shall take appropriate steps to identify, assess and understand its money laundering and terrorism financing risks in relation to —
- (a) its customers;
  - (b) the countries or jurisdictions its customers are from or in;
  - (c) the countries or jurisdictions the licensee has operations in; and
  - (d) the products, services, transactions and delivery channels of the licensee.
- 4.2 The appropriate steps referred to in paragraph 4.1 shall include —
- (a) documenting the licensee's risk assessments;
  - (b) considering all the relevant risk factors before determining the level of overall risk and the appropriate type and extent of mitigation to be applied;
  - (c) keeping the licensee'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 licensee shall —
- (a) develop and implement policies, procedures and controls, which are approved by senior management, to enable the licensee to effectively manage and mitigate the risks that have been identified by the licensee or notified to it by the Authority or other relevant authorities in Singapore;
  - (b) monitor the implementation of those policies, 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 licensee shall identify and assess the money laundering and terrorism financing risks that may arise in relation to —
- (a) the development of new products and new business practices, including new delivery mechanisms; and
  - (b) the use of new or developing technologies for both new and pre-existing products.
- 5.2 A licensee shall undertake the risk assessments, prior to the launch or use 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 licensee 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 Person or Account**

- 6.1 No licensee shall deal with any person on an anonymous basis or any person using a fictitious name.

### **Where There are Reasonable Grounds for Suspicion prior to the Establishment of Account Relationships or Undertaking any Transaction without Opening an Account**

- 6.2 Prior to a licensee establishing an account relationship or undertaking any transaction without opening an account, where the licensee 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 licensee shall —
- (a) not establish an account relationship with, or undertake a transaction for, the customer; and

- (b) file an STR<sup>2</sup>, and extend a copy to the Authority for information.

### **When CDD is to be Performed**

- 6.3 A licensee shall perform the measures as required by paragraphs 6, 7 and 8 when —
- (a) the licensee establishes an account relationship with any customer;
  - (b) the licensee undertakes a relevant business transaction for any customer who has not otherwise established an account relationship with the licensee;
  - (c) the licensee effects or receives any funds by domestic wire transfer, or by cross-border wire transfer, for any customer who has not otherwise established an account relationship with the licensee;
  - (d) there is a suspicion of money laundering or terrorism financing, notwithstanding that the licensee would not otherwise be required by this Notice to perform the measures as required by paragraphs 6, 7 and 8; or
  - (e) the licensee has doubts about the veracity or adequacy of any information previously obtained.
- 6.4 Where a licensee suspects that two or more transactions are or may be related, linked or the result of a deliberate restructuring of an otherwise single transaction into smaller transactions in order to evade the measures provided for in paragraph 6.3(b), in relation to relevant business transactions, the licensee shall treat the transactions as a single transaction and aggregate their values for the purposes of this Notice.
- (l) Identification of Customer
- 6.5 A licensee shall identify each customer.
- 6.6 For the purposes of paragraph 6.5, a licensee shall obtain at least the following information:
- (a) full name, including any aliases;
  - (b) unique identification number (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number);
  - (c) the customer's —
    - (i) residential address, or

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<sup>2</sup> Please note in particular section 48 of the CDSA on tipping-off.

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

as may be appropriate;

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

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

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

6.8 Where the customer is a legal person or legal arrangement, the licensee 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

- (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

6.9 A licensee 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 licensee 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 Person Appointed to Act on a Customer's Behalf

6.10 Where a customer appoints one or more natural persons to act on his behalf in establishing an account relationship with, or to undertake a relevant business transaction without an account being opened for, a licensee or the customer is not a natural person, the licensee 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);



- (iii) residential address;
    - (iv) date of birth;
    - (v) nationality; and
  - (b) verify the identity of each natural person using reliable, independent source data, documents or information.
- 6.11 A licensee shall verify the due authority of each natural person appointed to act on behalf of the customer by obtaining at least the following:
- (a) the appropriate documentary evidence authorising the appointment of such natural person by the customer to act on his or its behalf; and
  - (b) the specimen signature of such natural person appointed.
- 6.12 Where the customer is a Singapore Government entity, the licensee shall only be required to obtain such information as may be required to confirm that the customer is a Singapore Government entity as asserted.

(IV) Identification and Verification of Identity of Beneficial Owner

- 6.13 Subject to paragraph 6.16, a licensee shall inquire if there exists any beneficial owner in relation to a customer.
- 6.14 Where there is one or more beneficial owner in relation to a customer, the licensee shall identify the beneficial owners and take reasonable measures to verify the identities of the beneficial owners using the relevant information or data obtained from reliable, independent sources. The licensee 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>3</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).

6.15 Where the customer is not a natural person, the licensee shall understand the nature of the customer's business and its ownership and control structure.

6.16 A licensee shall not be required to inquire if there exists any beneficial owner in relation to a customer that is —

- (a) *Deleted with effect from 30 November 2015;*
- (b) *Deleted with effect from 30 November 2015;*
- (c) an entity listed on the Singapore Exchange;
- (d) an entity listed on a stock exchange outside of Singapore that is subject to —
  - (i) regulatory disclosure requirements; and
  - (ii) requirements relating to adequate transparency in respect of its beneficial owners (imposed through stock exchange rules, law or other enforceable means);
- (e) a financial institution set out in Appendix 1;
- (f) a financial institution incorporated or established outside Singapore that is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF; or
- (g) an investment vehicle where the managers are financial institutions —
  - (i) set out in Appendix 1; or

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<sup>3</sup> In relation to a beneficiary of a trust designated by characteristics or by class, the licensee 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) incorporated or established outside Singapore but are subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF,

unless the licensee has doubts about the veracity of the CDD information, or suspects that the customer, an account relationship with, or a relevant business transaction for the customer, may be connected with money laundering or terrorism financing.

[MAS Notice 3001 (Amendment) 2015]

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

(V) Information on the Purpose and Intended Nature of Account Relationship and Relevant Business Transaction Undertaken without an Account Being Opened

6.18 A licensee shall, when processing the application to establish an account relationship or to undertake a relevant business transaction without an account being opened, understand and as appropriate, obtain from the customer information as to the purpose and intended nature of such account relationship or relevant business transaction.

(VI) Review of Relevant Business Transactions Undertaken without an Account Being Opened

6.19 Where a licensee undertakes one or more relevant business transactions for a customer without an account being opened (“current relevant business transaction”), the licensee shall review the earlier relevant business transactions undertaken by that customer to ensure that the current relevant business transaction is consistent with the licensee’s knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

6.20 Where a licensee establishes an account relationship with a customer, the licensee shall review any relevant business transaction undertaken before the account relationship is established, to ensure that the account relationship is consistent with the licensee’s knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

6.21 A licensee shall pay special attention to all complex, unusually large or unusual patterns of relevant business transactions that have no apparent or visible economic or lawful purpose.

6.22 For the purposes of reviewing relevant business transactions undertaken without an account being opened as required by paragraph 6.19, a licensee shall put in place and implement adequate systems and processes, commensurate with the size and complexity of the licensee to —

- (a) monitor its relevant business transactions undertaken without an account being opened for customers; and
  - (b) detect and report suspicious, complex, unusually large or unusual patterns of relevant business transactions undertaken without an account being opened.
- 6.23 A licensee shall, to the extent possible, inquire into the background and purpose of the relevant business transactions in paragraph 6.21 and document its findings with a view to making this information available to the relevant authorities should the need arise.
- 6.24 Where there are any reasonable grounds for suspicion that a relevant business transaction for a customer undertaken without an account being opened is connected with money laundering or terrorism financing, and where the licensee considers it appropriate to undertake the relevant business transaction, the licensee shall substantiate and document the reasons for undertaking the relevant business transaction.

(VII) Ongoing Monitoring

- 6.25 A licensee shall monitor on an ongoing basis, its account relationships with customers.
- 6.26 A licensee shall, during the course of an account relationship with a customer, observe the conduct of the customer's account and scrutinise transactions undertaken throughout the course of the account relationship, to ensure that the transactions are consistent with the licensee's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.
- 6.27 A licensee shall pay special attention to all complex, unusually large or unusual patterns of transactions, undertaken throughout the course of account relationships, that have no apparent or visible economic or lawful purpose.
- 6.28 For the purposes of ongoing monitoring, a licensee shall put in place and implement adequate systems and processes, commensurate with the size and complexity of the licensee, to —
- (a) monitor its account relationships with customers; and
  - (b) detect and report suspicious, complex, unusually large or unusual patterns of transactions undertaken throughout the course of account relationships.
- 6.29 A licensee shall, to the extent possible, inquire into the background and purpose of the transactions in paragraph 6.27 and document its findings with a view to making this information available to the relevant authorities should the need arise.
- 6.30 A licensee 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.

- 6.31 Where there are any reasonable grounds for suspicion that an existing account relationship with a customer is connected with money laundering or terrorism financing, and where the licensee considers it appropriate to retain the customer —
- (a) the licensee shall substantiate and document the reasons for retaining the customer; and
  - (b) the customer's account relationship with the licensee shall be subject to commensurate risk mitigation measures, including enhanced ongoing monitoring.
- 6.32 Where the licensee assesses the customer or the account relationship with the customer referred to in paragraph 6.31 to be of higher risk, the licensee shall perform enhanced CDD measures, which shall include obtaining the approval of the licensee's senior management to retain the customer.

#### **CDD Measures for Non-Face-to-Face Account Relationships or Non-Face-to-Face Relevant Business Transactions Undertaken without an Account Being Opened**

- 6.33 Where a licensee conducts non-face-to-face business contact, a licensee shall develop policies and procedures to address any specific risks associated with non-face-to-face account relationships with a customer or non-face-to-face relevant business transactions undertaken without an account being opened for a customer.
- 6.34 A licensee shall implement the policies and procedures referred to in paragraph 6.33 when establishing an account relationship with a customer, undertaking relevant business transactions without an account being opened and when conducting ongoing due diligence.
- 6.35 Where there is no face-to-face contact, the licensee shall perform CDD measures that are at least as stringent as those that would be required to be performed if there was face-to-face contact.
- 6.36 Where a licensee who has not previously obtained the prior written approval of the Authority to carry out non-face-to-face business contact first conducts non-face-to-face business contact, the licensee shall, at his or its own expense, appoint an external auditor or an independent qualified consultant to assess the effectiveness of the policies and procedures referred to in paragraph 6.33, including the effectiveness of any technology solutions used to manage impersonation risks. The licensee shall submit to the Authority a report of the assessment no later than one year after conduct of the licensee's non-face-to-face business contact.

6.37 Where there has been a substantial change in the policies and procedures referred to in paragraph 6.33, the licensee shall appoint an external auditor or an independent qualified consultant to carry out an assessment of the new policies and procedures, and shall submit the report of the assessment to the Authority no later than one year after the implementation of the change in policies and procedures.

[MAS Notice 3001 (Amendment) 2019]

### **Reliance by Acquiring Licensee on Measures Already Performed**

6.38 When a licensee (“acquiring licensee”) acquires, either in whole or in part, the business of another financial institution (whether in Singapore or elsewhere), the acquiring licensee shall perform 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 licensee has —

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

### **Where Measures are Not Completed**

6.39 Where the licensee is unable to complete the measures as required by paragraphs 6, 7 and 8, it shall not commence or continue an account relationship with any customer, or undertake any relevant business transaction without an account being opened for any customer. The licensee shall consider if the circumstances are suspicious so as to warrant the filing of an STR.

6.40 For the purposes of paragraph 6.39, completion of the measures means the situation where the licensee has obtained, screened and verified all necessary CDD information under paragraphs 6, 7 and 8, and where the licensee has received satisfactory responses to all inquiries in relation to such necessary CDD information.

### **Joint Account**

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

## Existing Customers

6.42 A licensee shall perform the measures as 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

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

6.44 A licensee shall screen the persons referred to in paragraph 6.43 —

- (a) when, or as soon as reasonably practicable after, the licensee establishes an account relationship with a customer;
- (b) before the licensee completes any relevant business transaction for any customer who has not otherwise established an account relationship with the licensee;
- (c) before the licensee effects or receives any funds by domestic wire transfer, or by cross-border wire transfer for a customer who has not otherwise established an account relationship with the licensee;
- (d) on a periodic basis after the licensee establishes an account relationship with the customer; and
- (e) 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 licensee; or
  - (ii) the natural persons appointed to act on behalf of a customer, connected parties of a customer or beneficial owners of a customer.

6.45 A licensee shall screen all wire transfer originators and wire transfer beneficiaries as defined in paragraph 12, against lists and information provided by the Authority and any other relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks.

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

## 7 SIMPLIFIED CUSTOMER DUE DILIGENCE

7.1 Subject to paragraph 7.5 and except with the prior approval in writing of the Authority which may attach such conditions and qualifications as it thinks fit, no licensee shall perform 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.

7.2 Subject to paragraphs 7.1 and 7.5, a licensee may perform 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 (other than any beneficial owner that the licensee is exempted from making inquiries about under paragraph 6.16) if it is satisfied that the risks of money laundering and terrorism financing are low.

[MAS Notice 3001 (Amendment) 2015]

7.3 The assessment of low risks shall be supported by an adequate analysis of risks by the licensee.

7.4 The simplified CDD measures shall be commensurate with the level of risk, based on the risk factors identified by the licensee.

7.5 A licensee shall not perform simplified CDD measures —

- (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;
- (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 licensee for itself or notified to licensees generally by the Authority or other foreign regulatory authorities; or
- (c) where the licensee suspects that money laundering or terrorism financing is involved.

7.6 Subject to paragraphs 7.1, 7.3, 7.4 and 7.5, a licensee may perform simplified CDD measures in relation to a customer that is a financial institution set out in Appendix 2.

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



- 7.8 For avoidance of doubt, the term “CDD measures” in paragraph 7 means the measures required by paragraph 6.

[MAS Notice 3001 (Amendment) 2015]

## **8 ENHANCED CUSTOMER DUE DILIGENCE**

### **Politically Exposed Persons**

- 8.1 For the purposes of paragraph 8 —

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

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

“family member” means a 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 licensee 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 licensee 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 licensee 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 licensee's senior management to establish or continue an account relationship with a customer or undertake any relevant business transaction without an account being opened for 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 an account relationship with, or when undertaking transactions in the course of the account relationship for the customer, enhanced monitoring of the account relationship or such transactions. In particular, the licensee shall increase the degree and nature of monitoring of the account relationship with, and such transactions for, the customer in order to determine whether they appear unusual or suspicious.

8.4 A licensee may adopt a risk-based approach in determining whether to perform enhanced CDD 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 account relationships with the licensee or relevant business transactions undertaken without an account being opened by the licensee present a higher risk for money laundering or terrorism financing.

### **Other Higher Risk Categories**

8.5 A licensee shall implement appropriate internal risk management systems, policies, procedures and controls to determine if account relationships with, or relevant business transactions undertaken without an account being opened 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 but are not limited to 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 licensee shall treat any account relationship with, or relevant business transactions undertaken without an account being opened 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 licensee for itself or notified to licensees generally by the Authority or other foreign regulatory authorities, the licensee shall assess whether any such customer presents a higher risk for money laundering or terrorism financing.

[MAS Notice 3001 (Amendment) 2015]

8.7 A licensee shall perform the appropriate enhanced CDD measures in paragraph 8.3 for an account relationship with, or relevant business transactions undertaken without an account being opened for, any customer —

- (a) who the licensee determines under paragraph 8.5; or
  - (b) the Authority or other relevant authorities in Singapore notify to the licensee,
- as presenting a higher risk for money laundering or terrorism financing.

8.8 A licensee shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the licensee or notified to it by the Authority or other relevant authorities in Singapore, ensure that the enhanced CDD measures take into account the requirements of any laws, regulations or directions administered by the Authority, including but not limited to the regulations or directions issued by the Authority under section 27A of the MAS Act.

## **8A FOREIGN CURRENCY EXCHANGE TRANSACTIONS**

8A.1 For the purposes of paragraph 8A –

“bank incorporated outside Singapore” has the same meaning as in section 2(1) of the Banking Act (Cap. 19);

“bank in Singapore” has the same meaning as in section 2(1) of the Banking Act;

“FX counterparty”, in relation to an FX transaction entered into by the licensee means the person on whose behalf the FX transaction is conducted;

“relevant FX counterparty” is a FX counterparty that is not –

- (a) a financial institution as defined in section 27A(6) of the MAS Act; or
- (b) 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;

“FX transaction” means a transaction (not being a money-changing transaction) for the purchase or sale of foreign currency without the use of foreign currency notes.

- 8A.2 Paragraphs 6, 7 and 8 shall apply to a licensee in relation to an FX transaction as if the references to a customer and relevant business transaction in those paragraphs were references to a relevant FX counterparty and the FX transaction respectively, if the value of such FX transaction is equal to or exceeds S\$20,000 (or its equivalent in a foreign currency).
- 8A.3 A licensee shall, to the extent possible, inquire into the background and purpose of every FX transaction the value of which is equal to or exceeds S\$20,000 (or its equivalent in a foreign currency) and document its findings with a view to making this information available to the relevant authorities should the need arise.

[MAS Notice 3001 (Amendment) 2019]

## **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); or
  - (c) the parent entity, the branches and subsidiaries of the parent entity, and other related corporations, of a licensee (other than a holder of a money-changer’s licence or a holder of a remittance licence, or equivalent licences).
- 9.2 Subject to paragraph 9.3, a licensee may rely on a third party to perform the measures as required by paragraphs 6, 7 and 8 if the following requirements are met:
  - (a) the licensee has obtained the prior written approval of the Authority which may include such conditions and qualifications as it thinks fit;

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

9.3 No licensee shall rely on a third party to conduct review of relevant business transactions undertaken without an account being opened or ongoing monitoring of account relationships with its customers.

9.4 Where a licensee relies on a third party to perform the measures as required by paragraphs 6, 7 and 8, it shall —

- (a) document the basis for its satisfaction that the requirements in paragraph 9.2(b) and (c) have been met, except where the third party is a financial institution set out in Appendix 2; and
- (b) immediately obtain from the third party the CDD information which the third party had obtained.

9.5 For the avoidance of doubt, notwithstanding the reliance upon a third party, the licensee shall remain responsible for its AML/CFT obligations in this Notice.

## **10 PROVISION OF REMITTANCE SERVICES TO FINANCIAL INSTITUTIONS OR THROUGH FINANCIAL INSTITUTIONS**

10.1 Paragraph 10 applies to a licensee when —

- (a) it provides the following remittance services to a financial institution, whether in Singapore or elsewhere:
  - (i) in relation to a remittance licensee, the transmission of funds from Singapore to another country or jurisdiction, or from another country or jurisdiction to Singapore;

- (ii) in relation to a money-changer's licensee, an inward remittance transaction from another country or jurisdiction to Singapore; or
  - (b) it engages a financial institution, whether in Singapore or elsewhere, to facilitate the provision of remittance services.
- 10.2 For the purposes of this paragraph, a "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.
- 10.3 A licensee shall perform the following measures, in addition to CDD measures, when providing remittance services to a financial institution or engaging a financial institution to facilitate the provision of remittance services, as set out in paragraph 10.1:
- (a) assess the suitability of the financial institution by taking the following steps:
    - (i) gather adequate information about the financial institution to understand fully the nature of its 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 financial institution and the quality of supervision over the financial institution, including whether it has been the subject of money laundering or terrorism financing investigation or regulatory action; and
    - (iii) assess the 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 financial institution operates;
  - (b) clearly understand and document the respective AML/CFT responsibilities of each financial institution; and
  - (c) obtain approval from the licensee's senior management before providing remittance services to a new financial institution or engaging a new financial institution to facilitate the provision of its remittance services.
- 10.4 The licensee shall document the basis for its satisfaction that the requirements in paragraph 10.3 are met.
- 10.5 No licensee shall provide remittance services to a financial institution, or engage a financial institution to facilitate the provision of remittance services, if the financial institution 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.

- 10.6 A licensee shall, before it provides remittance services to a financial institution or engages a financial institution to facilitate the provision of remittance services, take appropriate measures to satisfy itself that the other financial institution does not —
- (a) permit the remittance services provided by the licensee to be used by shell financial institutions;
  - (b) provide remittance services to shell financial institutions; or
  - (c) use remittance services provided by shell financial institutions.
- 10.7 A licensee shall maintain a current list of the financial institutions that it provides remittance services to or engages to facilitate the provision of remittance services. The licensee shall make the list accessible to the Authority and to other relevant authorities in the countries or jurisdictions where the financial institutions operate, upon request.

## **11 AGENCY ARRANGEMENTS**

- 11.1 For the purposes of paragraph 11, “agent” means any natural person or legal person (that is not a financial institution) that contracts with or is under the direction of a licensee to assist in the provision of remittance business, but does not itself carry out remittance business.
- 11.2 A licensee shall not appoint an agent unless the following requirements are met:
- (a) the agency arrangement is documented in writing and is approved by the senior management of the licensee;
  - (b) the licensee takes appropriate steps to identify, assess and understand the money laundering and terrorism financing risks particular to the countries or jurisdictions that the agent operates in;
  - (c) the agent is not one which licensees have been specifically precluded by the Authority from appointing; and
  - (d) the licensee includes all its agents in its AML/CFT programme and monitors them for compliance with its programme.
- 11.3 The licensee shall document the basis for its satisfaction that the requirements in paragraph 11.2 are met.
- 11.4 A licensee shall maintain a current list of its agents that it engages and shall make the list accessible to the Authority and to other relevant authorities in the countries or jurisdictions where the agents operate, upon request.

## 12 SENDING OR RECEIVING FUNDS BY WIRE TRANSFERS

12.1 Paragraph 12 shall apply to a licensee when it effects the sending of funds by wire transfer or when it receives funds by wire transfer on the account of the wire transfer originator or the wire transfer beneficiary but shall not apply to a transfer and settlement between the licensee and another financial institution where the licensee and the other financial institution are acting on their own behalf as the wire transfer originator and the wire transfer beneficiary.

12.2 For the purposes of paragraph 12 —

“batch transfer” means a transfer comprising a number of individual wire transfers that are sent by a wire transfer originator to the same financial institutions, irrespective of whether the individual wire transfers are intended ultimately for one or more wire transfer beneficiaries;

“intermediary institution” means the financial institution that receives and transmits a wire transfer on behalf of the ordering institution and the beneficiary institution, or another intermediary institution;

“straight-through processing” means payment transactions that are conducted electronically without the need for manual intervention;

“unique transaction reference number” means a combination of letters, numbers or symbols, determined by the payment service provider or ordering institution, in accordance with the protocols of the payment and settlement system or messaging system used for the wire transfer, and which permits the traceability of the wire transfer;

“wire transfer beneficiary” means the natural person, legal person or legal arrangement who is identified by the wire transfer originator as the receiver of the wire transfer funds; and

“wire transfer originator” means the account holder who allows the wire transfer from that account, or where there is no account, the natural person, legal person or legal arrangement that places the wire transfer order with the ordering institution to perform the wire transfer.

### Responsibility of the Ordering Institution

(l) Identification and Recording of Information

12.3 Before effecting a wire transfer, every licensee that is an ordering institution shall —

(a) identify the wire transfer originator and verify his or its identity, as the case may be (if the licensee has not already done so by virtue of paragraph 6); and



- (b) record adequate details of the wire transfer so as to permit its reconstruction, including but not limited to, the date of the wire transfer, the type and amount of currency transferred and the value date.

(II) Cross-Border Wire Transfers Below or Equal To S\$1,500

12.4 Subject to paragraph 12.5, in a cross-border wire transfer where the amount to be transferred is below or equal to S\$1,500, every licensee which is an ordering institution shall include in the message or payment instruction that accompanies or relates to the wire transfer the following:

- (a) the name of the wire transfer originator;
- (b) the wire transfer originator's account number (or unique transaction reference number where no account number exists);
- (c) the name of the wire transfer beneficiary; and
- (d) the wire transfer beneficiary's account number (or unique transaction reference number where no account number exists).

12.5 In a cross-border wire transfer where the amount to be transferred is below or equal to S\$1,500, every licensee which is an ordering institution may, in the message or payment instruction that accompanies or relates to the wire transfer to an intermediary institution in Singapore, include only the unique transaction reference number and the wire transfer beneficiary information set out in paragraph 12.4(c) and (d), provided that —

- (a) the unique transaction reference number will permit the transaction to be traced back to the wire transfer originator and wire transfer beneficiary;
- (b) the ordering institution shall provide the wire transfer originator information and wire transfer beneficiary information set out in paragraph 12.4(a) to (d) within 3 business days of a request for such information by the intermediary institution in Singapore, the Authority or other relevant authorities in Singapore;
- (c) the ordering institution shall provide the wire transfer originator information and wire transfer beneficiary information set out in paragraph 12.4(a) to (d) immediately upon request for such information by law enforcement authorities in Singapore; and
- (d) the ordering institution shall provide the wire transfer originator information and wire transfer beneficiary information set out in paragraph 12.4(a) to (d) to the beneficiary institution.

(III) Cross-border Wire Transfers Exceeding S\$1,500

12.6 Subject to paragraph 12.8, in a cross-border wire transfer where the amount to be transferred exceeds S\$1,500, every licensee which is an ordering institution shall include in the message or payment instruction that accompanies or relates to the wire transfer the information required by paragraph 12.4(a) to 12.4(d) and any of the following:

- (a) the wire transfer originator's —
  - (i) residential address, or
  - (ii) registered or business address, and if different, principal place of business,

as may be appropriate;

- (b) the wire transfer originator's unique identification number (such as an identity card number, birth certificate number or passport number, or where the wire transfer originator is not a natural person, the incorporation number or business registration number); or
- (c) the date and place of birth, incorporation or registration of the wire transfer originator (as may be appropriate).

12.7 Where several individual cross-border wire transfers from a single wire transfer originator are bundled in a batch file for transmission to wire transfer beneficiaries, a licensee shall ensure that the batch transfer file contains —

- (a) the wire transfer originator information required by paragraph 12.6<sup>4</sup> and which has been verified; and
- (b) the wire transfer beneficiary information required by paragraph 12.6<sup>5</sup>,

which are fully traceable within the beneficiary country.

12.8 In a cross-border wire transfer where the amount to be transferred exceeds S\$1,500, every licensee which is an ordering institution may, in the message or payment instruction that accompanies or relates to the wire transfer to an intermediary institution in Singapore, include only the unique transaction reference number and the wire transfer beneficiary information required by paragraph 12.6<sup>6</sup>, provided that:

- (a) the unique transaction reference number will permit the transaction to be traced

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<sup>4</sup> Please note the references to paragraph 12.4 (a) and (b) in paragraph 12.6.

<sup>5</sup> Please note the references to paragraph 12.4 (c) and (d) in paragraph 12.6.

<sup>6</sup> Please note the references to paragraph 12.4 (c) and (d) in paragraph 12.6.

back to the wire transfer originator and wire transfer beneficiary;

- (b) the ordering institution shall provide the wire transfer originator information and wire transfer beneficiary information set out in paragraph 12.6<sup>7</sup> within 3 business days of a request for such information by the intermediary institution in Singapore, the Authority or other relevant authorities in Singapore;
- (c) the ordering institution shall provide the wire transfer originator information and wire transfer beneficiary information set out in paragraph 12.6<sup>8</sup> immediately upon request for such information by law enforcement authorities in Singapore; and
- (d) the ordering institution shall provide the wire transfer originator information and wire transfer beneficiary information set out in paragraph 12.6 to the beneficiary institution.

(IV) Domestic Wire Transfers

12.9 In a domestic wire transfer, every licensee that is an ordering institution shall either —

- (a) include in the message or payment instruction that accompanies or relates to the wire transfer the following:
  - (i) the name of the wire transfer originator;
  - (ii) the wire transfer originator's account number (or unique transaction reference number where no account number exists); and
  - (iii) any of the following:
    - (A) the wire transfer originator's:
      - (1) residential address; or
      - (2) registered or business address, and if different, principal place of business,as may be appropriate;
    - (B) the wire transfer originator's unique national identification number (such as an identity card number, birth certificate number or passport number, or where the wire transfer originator is not a natural person, the incorporation number or business registration

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<sup>7</sup> Please note the references to paragraph 12.4 (a) to (d) in paragraph 12.6.

<sup>8</sup> Please note the references to paragraph 12.4 (a) to (d) in paragraph 12.6.

- number);
  - (C) the date and place of birth, incorporation or registration of the wire transfer originator (as may be appropriate); or
- (b) include only the wire transfer originator's account number (or unique transaction reference number where no account number exists), provided —
- (i) that these details will permit the transaction to be traced back to the wire transfer originator and wire transfer beneficiary;
  - (ii) the ordering institution shall provide the wire transfer originator information set out in paragraph 12.9(a) within 3 business days of a request for such information by the beneficiary institution, the Authority or other relevant authorities in Singapore; and
  - (iii) the ordering institution shall provide the wire transfer originator information set out in paragraph 12.9(a) immediately upon request for such information by law enforcement authorities in Singapore.

12.10 All wire transfer originator and beneficiary information collected by the ordering institution shall be documented.

12.11 Where the ordering institution is unable to comply with the requirements in paragraphs 12.3 to 12.10, it shall not execute the wire transfer.

### **Responsibility of the Beneficiary Institution**

12.12 A licensee that is a beneficiary institution shall take reasonable measures, including post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers that lack the required wire transfer originator or required wire transfer beneficiary information.

12.13 For cross-border wire transfers where the beneficiary institution pays out funds in cash or cash equivalent to the wire transfer beneficiary in Singapore, a beneficiary institution shall identify and verify the identity of the wire transfer beneficiary if the identity has not been previously verified.

12.14 A licensee that is a beneficiary institution shall implement appropriate internal risk-based policies, procedures and controls for determining —

- (a) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and
- (b) the appropriate follow-up action.

- 12.15 For a licensee that controls both the ordering institution and the beneficiary institution, it shall —
- (a) take into account all the information from both the ordering institution and the beneficiary institution in order to determine whether an STR has to be filed; and
  - (b) where applicable, file an STR in any country affected by the suspicious wire transfer, and make relevant transaction information available to the relevant authorities.

### **Responsibility of the Intermediary Institution**

- 12.16 A licensee that is an intermediary institution shall retain all the information accompanying the wire transfer.
- 12.17 Where a licensee that is an intermediary institution effects a wire transfer to another intermediary institution or a beneficiary institution, the licensee shall provide the information accompanying the wire transfer, to that other intermediary institution or beneficiary institution.
- 12.18 Where technical limitations prevent the required wire transfer originator or wire transfer beneficiary information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer, a record shall be kept, for at least five years, by the receiving intermediary institution of all the information received from the ordering institution or another intermediary institution.
- 12.19 An intermediary institution shall take reasonable measures, which are consistent with straight-through processing, to identify cross-border wire transfers that lack the required wire transfer originator or wire transfer beneficiary information.
- 12.20 An intermediary institution shall implement appropriate internal risk-based policies, procedures and controls for determining —
- (a) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and
  - (b) the appropriate follow-up action.

## **13 RECORD KEEPING**

- 13.1 A licensee shall, in relation to all data, documents and information that the licensee is required to obtain or produce to meet the requirements under this Notice, prepare, maintain and retain records of such data, documents and information.
- 13.2 A licensee shall perform the measures set out in paragraph 13.1 such that —

- (a) all requirements imposed by law (including this Notice) are met;
  - (b) any individual transaction undertaken by the licensee can be reconstructed (including the amount and type of currency involved) so as to provide, if necessary, evidence for prosecution of criminal activity;
  - (c) the Authority or other relevant authorities in Singapore and the internal and external auditors of the licensee are able to review the licensee's account relationships, transactions, records and CDD information and assess the level of compliance with this Notice; and
  - (d) the licensee can satisfy, within a reasonable time or any more specific time period imposed by law or by the requesting authority, any enquiry or order from the relevant authorities in Singapore for information.
- 13.3 Subject to paragraph 13.5 and any other requirements imposed by law, a licensee shall, for the purposes of record retention under paragraphs 13.1 and 13.2, and when setting its record retention policies, comply with the following record retention periods:
- (a) for CDD information relating to the account relationships, wire transfers and relevant business transactions undertaken without an account being opened, 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 account relationships or completion of such wire transfers or relevant business transactions; and
  - (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.
- 13.4 A licensee 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.
- 13.5 A licensee shall retain records of data, documents and information on all its account relationships with or transactions for a customer pertaining to a matter which is under investigation or which has been the subject of an STR, in accordance with any request or order from STRO or other relevant authorities in Singapore.

## **14 PERSONAL DATA**

- 14.1 For the purposes of paragraph 14, "individual" means a natural person, whether living or deceased.

- 14.2 Subject to paragraph 14.3 and for the purposes of complying with this Notice, a licensee shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with —
- (a) any access to personal data about the individual that is in the possession or under the control of the licensee;
  - (b) any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the licensee; and
  - (c) any right to correct an error or omission of the personal data about the individual that is in the possession or under the control of the licensee.
- 14.3 A licensee shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to —
- (a) access the following types of personal data of that individual, that is in the possession or under the control of the licensee:
    - (i) his full name, including any alias;
    - (ii) his unique identification number (such as an identity card number, birth certificate number or passport number);
    - (iii) his 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 licensee; 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 licensee is satisfied that there are reasonable grounds for such request.
- 14.4 For the purposes of complying with this Notice, a licensee may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a

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

## **15 SUSPICIOUS TRANSACTIONS REPORTING**

- 15.1 A licensee shall keep in mind the provisions in the CDSA<sup>9</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:
- (a) establish a single reference point within the organisation to whom all employees and officers are instructed to promptly refer all transactions suspected of being connected with money laundering or terrorism financing, for possible referral to STRO via STRs; and
  - (b) keep records of all transactions referred to STRO, together with all internal findings and analysis done in relation to them.
- 15.2 A licensee 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.
- 15.3 A licensee shall consider if the circumstances are suspicious so as to warrant the filing of an STR and document the basis for its determination where —
- (a) the licensee is for any reason unable to complete 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 licensee, decides to withdraw a pending application to establish an account relationship or a pending transaction, or to terminate existing account relationship.
- 15.4 Where a licensee forms a suspicion of money laundering or terrorism financing, and reasonably believes that performing any of the measures as required by paragraphs 6, 7 and 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 licensee may stop performing those measures. The licensee shall document the basis for its assessment and file an STR.

## **16 INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING**

- 16.1 A licensee shall develop and implement adequate internal policies, procedures and controls, taking into consideration its money laundering and terrorism financing risks and

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<sup>9</sup> Please note in particular section 48 of the CDSA on tipping-off.



the size of its business, to help prevent money laundering and terrorism financing and communicate these to its employees and officers.

16.2 The policies, procedures and controls shall meet all requirements of this Notice.

### **Compliance**

16.3 A licensee shall develop appropriate compliance management arrangements, including at least, the appointment of an AML/CFT compliance officer at the management level.

16.4 A licensee 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 customer records and other relevant information which he requires to discharge his functions.

### **Audit**

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

### **Employee Hiring**

16.6 A licensee shall have in place screening procedures to ensure high standards when hiring employees and appointing officers.

### **Training**

16.7 A licensee shall take all appropriate steps to ensure that its employees and officers (whether in Singapore or 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 terrorism financing; and
- (c) the licensee's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of employees and officers in combating money laundering and terrorism financing.

## Endnotes on History of Amendments

1. MAS Notice 3001 dated 2 July 2007.
  - (a) MAS Notice 3001 (Amendment) 2009 dated 3 July 2009 with effect from 2 December 2009.
  - (b) MAS Notice 3001 (Amendment) 2013 with effect from 23 January 2013.
  - (c) MAS Notice 3001 (Amendment) 2014 with effect from 1 July 2014.
2. MAS Notice 3001 dated 2 July 2007 cancelled with effect from 24 May 2015.
3. MAS Notice 3001 dated 24 April 2015 with effect from 24 May 2015.
  - (a) MAS Notice 3001 (Amendment) 2015 with effect from 30 November 2015.
  - (b) MAS Notice 3001 (Amendment) 2019 dated 9 January 2019 with effect from 10 January 2019, except for amendments in respect of paragraph 8A relating to the foreign currency exchange transactions which are effective from 9 April 2019.

## **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.