



Annex B

Submissions from respondents to the Consultation Paper on the Notice Relating to FI-FI Information Sharing for AML/CFT

S/N	Respondent	Feedback from Respondent
1	HSBC, Singapore	<p>Question 1: MAS seeks comments on the proposed requirements for a prescribed FI to establish and implement policies, procedures, and controls to ensure that the prescribed FI requests, discloses or lists information on COSMIC in a systematic manner and puts in place appropriate safeguards.</p> <p>We are in agreement with these requirements.</p> <p>Question 2: MAS seeks feedback on the proposed requirements pertaining to Request, Disclosure or Listing, including the conduct of risk assessments, risk mitigation measures, and performance of screening. MAS also seeks feedback on the requirement to engage a relevant party prior to exit and listing.</p> <p>1) With regard to the risk mitigation measures, we would like to seek clarification on when risk mitigation measures are expected to be put in place. Noted that further elaboration will be in the Guideline to MAS 626. We are of the view that such risk mitigation measures should only be deliberated after the FI has completed its risk assessment or investigation based on the information from COSMIC rather than immediately at the start of the receipt of the information (i.e. only after investigations/assessment have confirmed that there is potential risks to the bank in maintaining the account). This is to be fair to customers that the FI would not instil disruptive measures until the risk information has been confirmed to be a concern to the FI as well.</p> <p>2) With regard to para 6.1 of the COSMIC Notice, we would suggest that MAS list out scenarios/guidelines in the COSMIC Notice on where it may not be practicable to engage with the relevant party that is the subject of the listing to provide further guidance to FIs.</p> <p>Question 3: MAS seeks feedback on the amendments to MAS Notice 626 and additions to the Guidelines to MAS Notice 626, which will clarify how a prescribed bank should integrate information it has received from COSMIC into its broader AML/CFT controls.</p> <p>1) In para 6.20 of the proposed amended MAS Notice 626, MAS would like prescribed</p>



	<p>FIs to include information received through COSMIC for the bank’s knowledge of the customer, its business and risk profile and, if appropriate, the source of funds. At the same time, para 8.6 of the COSMIC Notice expects that Officer which is not included in the register mentioned in para 8.5 of the same Notice, must not be disclosed that the risk information was obtained from the platform. This COSMIC Notice requirement in para 8.6(a) is operationally difficult to implement.</p> <p>For example, an Officer (A) disclosed in the register have to disclose to another officer (B) risk information in the listing that has a screening positive hit for an existing customer for risk management purposes but can’t reveal that it is due to COSMIC. Yet Officer (B) and other Officer (C and D) will therefore have to update the CDD risk profile/source of the news to bank customer that there is risk information but can’t quote the exact source of this information that this is from COSMIC platform. This may be challenging especially if an exit of the existing to bank customer is proposed by officer (A) based on risk appetite, as Officers (B, C and D) would want to understand what the concern with this customer is and do not see anything unusual in the own FI’s transactional activity of this customer.</p> <p>This is similar for para 8.5 of the proposed amended MAS Notice 626, where the Officer (B, C and D) essentially has to for example classify this existing customer as higher risk but yet can’t explain the source of the risk information received. Would therefore propose for the Authority to consider allowing FIs to have references to be made to COSMIC when appropriate but only for key material points of the risk information in the COSMIC platform.</p> <p>2) The term “senior management” is used extensively in the “Annex C Proposed Amendments to the Notice 626”, MAS to clarify on its definition. E.g. 8.5 expects “senior management” to approve the COSMIC access. In the Bank, access is usually approved by Line Manager, would that be considered sufficiently senior in the COSMIC scenario?</p> <p>Question 4: MAS seeks feedback on the requirements relating to platform safeguards, record keeping, and outsourcing, as set out in the paragraphs above.</p> <p>1) With regard to para 8.5 of COSMIC Notice requires prescribed FIs to maintain a register of the details of the officers that may access the platform and must not allow an officer who is not on that register to access the platform. We would like to clarify what constitutes “access to the platform” in this context. Is it just the MAS’s WEB UI or does it also include the FI system(s) interfacing to COSMIC, as well? If it’s the latter, does that create confusion in terms of how prescribed FIs maintain the register and control access? Would it be easier just to require prescribed FIs to maintain a register, and associated access controls, in relation to “platform information” (i.e COSMIC data) wherever it resides?</p> <p>2) With regard to 10 of COSMIC Notice, MAS mentioned that the prescribed FIs must only obtain the outsourced relevant service from a service provider that has met the requirements of MAS Notice on Management of Outsourced Relevant Services, we do</p>
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		<p>not know which paragraphs of the draft outsourcing notice MAS is referring to, hence, we are unable to comment on the obligation. We would thereafter propose that MAS to point us to the specific paragraph numbers of the consultation draft (issued Dec 2020).</p> <p>3) The paragraphs (10.2 – 10.5) of COSMIC Notice, they are all align to the corresponding paragraphs of the draft outsourcing notice (12.8-12.11) issued in Dec 2020, which we have provided our response. The comments which we provided previously apply equally in new Consultation Paper as well.</p>
2	Sachin Shah	<p>Question 1: MAS seeks comments on the proposed requirements for a prescribed FI to establish and implement policies, procedures, and controls to ensure that the prescribed FI requests, discloses or lists information on COSMIC in a systematic manner and puts in place appropriate safeguards.</p> <p>Establishing policies, procedures and controls is one of the pillars of any compliance program and it is more relevant in special circumstances or new regulator led initiatives like the one of COSMIC.</p> <p>Section 3 titled “Internal Policies” of the draft notice to prescribed financial institutions aims to provide necessary guidance with respect to – a) Addressing the conditions u/s 28D (2) of the FSMA and b) regulatory expectations on the framework.</p> <p>However, in my view the existing guidance on internal policy under the clause 3.2 (a) and 3.2 (b) are very generic in nature. The guidance should be specific and must give clear requirements in-terms of coverage of these internal policies, procedures, and controls. For example, even though the draft guidance under the clause 3.2 (a) and 3.2 (b) mentions about the conditions to be met, approval framework, documentation and record retention requirement, senior management approval and audit function related requirement, however it is not specific on some key aspects as mentioned below:</p> <ul style="list-style-type: none"> • The prescribed financial institution must revisit and make necessary changes to the internal policies related to customer due diligence (CDD), screening and risk assessment. • The prescribed financial institutions should also have appropriate policy and procedure on the training to the required staff of the financial institution who will be handling the information sharing under COSMIC. If there are existing policies, procedures, or controls, then adequate change should be made related to information sharing on COSMIC. • Clause 3.4 talks about the audit function related requirements, but does not specify any requirements on the part of compliance assurance function which sits within the risk and compliance function of the organization and plays a very strategic role as a second line of defense. <p>The above example is not a comprehensive list of inclusion to be specified in the draft</p>



	<p>notice and vary for each financial institution on the basis of their business model and overall compliance framework.</p> <p>In the absence of such specific guidance, there is risk of subjectivity in the understanding and implementation of the requirements of the draft notice and it may ultimately run a risk of non-standardized internal policies, procedures and controls among the financial institutions who are sharing information on COSMIC.</p> <p>Considering the same risk, it is proposed that the draft notice includes more specific requirements in section 3 as per above inputs.</p> <p>Question 2: MAS seeks feedback on the proposed requirements pertaining to Request, Disclosure or Listing, including the conduct of risk assessments, risk mitigation measures, and performance of screening. MAS also seeks feedback on the requirement to engage a relevant party prior to exit and listing.</p> <p>No comments.</p> <p>Question 3: MAS seeks feedback on the amendments to MAS Notice 626 and additions to the Guidelines to MAS Notice 626, which will clarify how a prescribed bank should integrate information it has received from COSMIC into its broader AML/CFT controls.</p> <p>The proposed notice and the related guidance to the financial institutions must be reflected in totality to the proposed amendments to the notice 626 on the Prevention of Money Laundering and Countering the Financing of Terrorism for the banks.</p> <p>On reviewing the proposed amendments to the notice 626, following observations are made which needs to be rectified appropriately:</p> <ol style="list-style-type: none"> 1. Section 6.43 of the proposed amendment mentions that – “a reference to “lists and information provided by the Authority and other relevant authorities in Singapore” does not include the platform screening list.” The rationale for non-inclusion of the platform list in the lists and information provided by authorities and other relevant authorities in Singapore is not clear. In the case of non-inclusion of the platform list, it runs a risk of defeating the whole purpose of information sharing at COSMIC. In other words, if the platform list is not included, then practically it will not be a part of name screening at the time of customer on-boarding and even for continuous name screening as per the screening framework undertaken at an industry level from a financial crime perspective. This may result the bad actors to explore this loophole and getting on-boarded at another financial institutions even after being listed on COSMIC. While giving this line of thought, it is presumed that any information which is been shared on COSMIC is a sensitive matter and must involve suspicion by the reporting institution. I would like to give an example of the similar framework which is adopted in the Indian jurisdiction for past many years. Under this framework, India Bank’s Association (IBA) which is involved in the promotion and development of sound and progressive banking principles, practices, and conventions in India, has set-up a process of information sharing of fraud cases. In this process, all
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		<p>the banks are supposed to share the fraud related cases with other banks and routed through IBA. This enables not only the information sharing of bad actors but also proactive due diligence by other banks. Many banks in India, do leverage this information in their internal watchlist and uses to perform name screening appropriately.</p> <p>2. Section 12 titled “Record Keeping” is not aligned with Sectio 9 of draft notice and the related guidance on the record keeping requirements for the information shared on COSMIC. Section 9 of the draft notice prescribes the time frame for record keeping requirements for the information shared in COSMIC, however there is no such reference in Section 12 of the proposed amendments to the notice 626. It is proposed that necessary clause or reference should also be inserted in Section 12 of the notice 626 to align it with Section 9 of draft notice for information shared on COSMIC.</p> <p>3. Section 15 titled “Internal Policies, Compliance, Audit and Training” is not aligned with Section 3 of draft notice and the related guidance on the record keeping requirements for the information shared on COSMIC. For example, clause 3.4 of draft notice on the information shared on COMSIC talks about the audit function related requirements, but there is no reference to the same in section 15.12 of the proposed amendments to the notice 626. In the absence of such alignment there is risk of subjectivity by the financial institution in the interpretation of the regulatory obligations pertaining to information shared on COSMIC. In Singapore, notice 626 is the benchmark regulation for the Prevention of Money Laundering and Countering the Financing of Terrorism for the banks. If there is no reference to the guidance on the information sharing on COSMIC, financial institution may not align their policy documents appropriately. This runs a risk of regulatory impunity for the financial institutions, even in case of any observation on account of regulatory inspection.</p> <p>Question 4: MAS seeks feedback on the requirements relating to platform safeguards, record keeping, and outsourcing, as set out in the paragraphs above.</p> <p>Section 8.1 of the draft notice related to information sharing on COMSIC does not include policy along with systems and processes. The verbatim of section 8.1 mentions that – “A prescribed financial institution must establish and implement systems and processes to ensure that the risk information it includes...” It may be noted that any processes are a sub-set of the broader policy framework and it is advised that necessary amendment may be undertaken in the said clause by including policy also as a requirement.</p>
3	SingCash Pte Ltd	<p>Question 1: MAS seeks comments on the proposed requirements for a prescribed FI to establish and implement policies, procedures, and controls to ensure that the prescribed FI requests, discloses or lists information on COSMIC in a systematic manner and puts in place appropriate safeguards.</p> <p>SingCash understands that the MAS will allow for the six major banks to join the</p>



	<p>COSMIC initially, but eventually, other FIs may join the COSMIC. As such, the MAS has for the moment only sought to amend the MAS 626¹ to allow for broader account information and ongoing monitoring information obligations.</p> <p>Nonetheless, SingCash seeks to provide its comments in the event the COSMIC applies to other FIs, eg payment service providers.</p> <p>SingCash notes that the value and volume of transactions that payment service providers deal in are significantly lower than those that banks or larger financial institutions handle. As such, there is merit in considering the merits of requiring smaller fintech players, including payment service providers, to participate in the COSMIC.</p> <p>We propose that before extending the FI-FI sharing requirement beyond the 6 local banks, the MAS evaluates the benefits gained from the sharing, reviews any mistakes and also carries out an exercise to mitigate all the gaps before other parties are called to participate.</p> <p>Furthermore, the MAS can also consider that smaller players be allowed to consume or use the data from the COSMIC in batches rather in the form of a full integration, given the scope of their business.</p> <p>Nonetheless, and without prejudice to our views above, in relation to the requirement to establish policies, procedures and controls to ensure that the prescribed FI requests, discloses or lists information on COSMIC in a systematic manner and puts in place appropriate safeguards, SingCash agrees that a prescribed FI should put these in place before it commences the request, disclosure or listing of any information on COSMIC.</p> <p>Question 2: MAS seeks feedback on the proposed requirements pertaining to Request, Disclosure or Listing, including the conduct of risk assessments, risk mitigation measures, and performance of screening. MAS also seeks feedback on the requirement to engage a relevant party prior to exit and listing.</p> <p>SingCash notes that the MAS will set the criteria (in the Financial Services and Market Act²) for request of risk information, disclosure of risk information and publication of information. Specifically, the MAS will specify the threshold criteria and the high-risk indicators.</p> <p>SingCash emphasises that these are especially important and critical for the industry as these set clarity and parity for the industry. Without these criteria, the FIs are likely to end up with misaligned criteria and expectations of what high risk information or individuals / customers / corporates are involved with the result that the sharing will</p>
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¹ See Paragraph 4 of the Consultation Paper.

² Currently set out in Sections 28D, E, F and G of the Financial Services and Market Amendment Bill.



		<p>be haphazard and a waste of effort.</p> <p>In terms of carrying out risk assessments and risk mitigation measurements, the prescribed FI is limited to the extent that the information provided is simply that of a high-risk individual without the necessary know-your-customer (KYC) information. It is therefore not possible to make the necessary risk assessment³ and risk mitigation. For example, the exchange of information is not akin to the onboarding of a new customer where the prescribed FI can contact the customer to find out more information for the purpose of customer due diligence. Nonetheless, where permitted, the prescribed FI can proceed with a form of Simplified risk assessment.</p> <p>In terms of performance of name screening against the platform screening list, SingCash agrees with the requirement but asks that the MAS provides more clarity as to the:</p> <ul style="list-style-type: none"> (a) Frequency; (b) Timing; and (c) Follow-up <p>In terms of engaging relevant parties further to a risk assessment undertaken under the COSMIC Notice, again, SingCash is hesitant about this practice being required for Prescribed FIs who are small fintechs, particularly those operating in the small payment industry and market. The norm is to give adequate notice and to cease service(s) whilst complying with the End User Payment Guidelines. There is also concern that engaging with end-users may risk tipping off users.</p> <p>Question 3: MAS seeks feedback on the amendments to MAS Notice 626 and additions to the Guidelines to MAS Notice 626, which will clarify how a prescribed bank should integrate information it has received from COSMIC into its broader AML/CFT controls.</p> <p>SingCash has no comments on the above.</p> <p>Question 4: MAS seeks feedback on the requirements relating to platform safeguards, record keeping, and outsourcing, as set out in the paragraphs above.</p> <p>SingCash has no comments on the above.</p>
4	UOB Limited	<p>Question 1: MAS seeks comments on the proposed requirements for a prescribed FI to establish and implement policies, procedures, and controls to ensure that the prescribed FI requests, discloses or lists information on COSMIC in a systematic manner and puts in place appropriate safeguards.</p>

³ It is assumed that the threshold criteria in Sections 28G will not contain sufficient KYC information.



		<p>Nil.</p> <p>Question 2: MAS seeks feedback on the proposed requirements pertaining to Request, Disclosure or Listing, including the conduct of risk assessments, risk mitigation measures, and performance of screening. MAS also seeks feedback on the requirement to engage a relevant party prior to exit and listing.</p> <p>Nil.</p> <p>Question 3: MAS seeks feedback on the amendments to MAS Notice 626 and additions to the Guidelines to MAS Notice 626, which will clarify how a prescribed bank should integrate information it has received from COSMIC into its broader AML/CFT controls.</p> <p>Nil.</p> <p>Question 4: MAS seeks feedback on the requirements relating to platform safeguards, record keeping, and outsourcing, as set out in the paragraphs above.</p> <p>1. Paragraph 10.5 of the COSMIC Notice – strictly it is not feasible for the prescribed FI to comply with the obligation to “ensure that all records of transactions, documents and information given to the service provider are removed from the possession of the service provider or deleted, destroyed or rendered unusable as soon as possible.” in the case where the service provider is a third party as such records of transactions, documents and information are not in the possession and control of the prescribed FI. Could MAS clarify what actions are expected from the prescribed FI to meet its obligation with respect to this paragraph?</p> <p>2. Section 8.5 of the COSMIC Notice – what is the scope of the “platform”? Is this pertaining to the COSMIC WebUI platform, or does it include the FI application that makes the COSMIC API calls?</p> <p>3. Paragraph 8.6 of the COSMIC Notice – can MAS consider allowing FIs to decide the scope of sharing (not limited to only A to B) due to operational efficiency / practicality, especially in larger banks where it is common that different segments have different AML units supporting? Current provisions are too restrictive.</p>
5	Respondent A	<p>Question 1: MAS seeks comments on the proposed requirements for a prescribed FI to establish and implement policies, procedures, and controls to ensure that the prescribed FI requests, discloses or lists information on COSMIC in a systematic manner and puts in place appropriate safeguards.</p> <p>No comments.</p> <p>Question 2: MAS seeks feedback on the proposed requirements pertaining to Request, Disclosure or Listing, including the conduct of risk assessments, risk mitigation measures, and performance of screening. MAS also seeks feedback on</p>



		<p>the requirement to engage a relevant party prior to exit and listing.</p> <p>(1) Where the Bank has reviewed the information obtained from platform, conducts its own risk assessment and concludes that the party meets the threshold for listing, is the Bank still required to list the same party in platform, even though the party is already listed?</p> <p>(2) Under Para 8.6(a) of the proposed Notice on the FI Information Sharing Platform, can officer (A) inform Bank's Senior Management (e.g. AML/CFT Committee, External / Internal Auditors) that the risk informaton was obtained from the platform?</p> <p>Question 3: MAS seeks feedback on the amendments to MAS Notice 626 and additions to the Guidelines to MAS Notice 626, which will clarify how a prescribed bank should integrate information it has received from COSMIC into its broader AML/CFT controls.</p> <p>(1) Using the KYC information collected from customer, independent & reliable sources as well as from the platform, the Bank willll conduct its enhanced due diligence ("EDD") measures on the prospective customer. However, if the Bank has concluded from its EDD review and assessed the potential ML/TF risks posed to the Bank is not to be high, is there a requirement that EDD monitoring measures should continue to be in place for a predetermined period of time following the on-boarding of the party.</p> <p>Question 4: MAS seeks feedback on the requirements relating to platform safeguards, record keeping, and outsourcing, as set out in the paragraphs above.</p> <p>1) Where the Lister has promptly remove a Listing from platform, is the Lister required to inform requestors who have made a request on the party within the last <X> weeks / months? This is to enable the requestors to keep up to-date that the party does not meet the threshold criteria or listing was made erroneously.</p>
6	Respondent B	<p>Question 1: MAS seeks comments on the proposed requirements for a prescribed FI to establish and implement policies, procedures, and controls to ensure that the prescribed FI requests, discloses or lists information on COSMIC in a systematic manner and puts in place appropriate safeguards.</p> <p>We would like to clarify if a prescribed FI that does not perform wire transfers are required to establishes and implements policies, procedures and controls for this purpose?</p> <p>In term of regular audits requirement stated under section 3.4 of the proposed Notice - (1) Can the regular audit be performed by internal auditors accordingly to the internal audit cycle or external auditors as part of annual Financial Year end audit, (2) what will be the proposed audit frequency, and (3) if there is any requirement for a separate audit certification / report to be provided by the auditor to MAS, similar to the audit certification under the cross-border exemption regime?</p>



		<p>Refer to Section 8.2 of the proposed Notice where prescribed FI are required to ensure that it establishes or implements systems and processes to ensure the prompt correction and notification of any such errors or omissions. Appreciate some clarification on what will be the system requirement / expectation? Are all prescribed FI expected to implement new system?</p> <p>Question 2: MAS seeks feedback on the proposed requirements pertaining to Request, Disclosure or Listing, including the conduct of risk assessments, risk mitigation measures, and performance of screening. MAS also seeks feedback on the requirement to engage a relevant party prior to exit and listing.</p> <p>With regards to section 6.2 of the proposed Notice - Lister must promptly remove a Listing if the Lister become aware that the Listing was made erroneously or if there is new information on the threshold criteria. Is there any guidance on what is consider promptly?</p> <p>Lastly, can we clarify how often will the platform screening lists be updated by MAS? Are FIs able to extract the platform screening list provided by MAS and included in FI relevant internal screening system or World check for screening?</p> <p>Question 3: MAS seeks feedback on the amendments to MAS Notice 626 and additions to the Guidelines to MAS Notice 626, which will clarify how a prescribed bank should integrate information it has received from COSMIC into its broader AML/CFT controls.</p> <p>Will the proposed guidance / obligations with regards to COSMIC under MAS 626 will be replicated under relevant SFA Notices applicable for financial institutions (aside banks)? If yes, what will be the proposed timeline?</p> <p>Question 4: MAS seeks feedback on the requirements relating to platform safeguards, record keeping, and outsourcing, as set out in the paragraphs above.</p> <p>Nil</p>
7	Respondent C	<p>General Comments</p> <p>The Bank would like to seek advice on threshold for Alert submission, specifically on third criteria, if threshold for Alert submission should include ex customer. Currently, the three criteria to Alert submission threshold are as follow</p> <p>(1) Provide threshold has been met; and</p> <p>(2) STR has been filed; and</p> <p>(3) Decision to reject the prospect / Decision to exit the customer.</p> <p>While criteria (3) cover prospects and existing customers, it does not seem</p>



	<p>sufficiently clear if it covers ex customers.</p> <p>Question 1: MAS seeks comments on the proposed requirements for a prescribed FI to establish and implement policies, procedures, and controls to ensure that the prescribed FI requests, discloses or lists information on COSMIC in a systematic manner and puts in place appropriate safeguards.</p> <p>Nil comment.</p> <p>Question 2: MAS seeks feedback on the proposed requirements pertaining to Request, Disclosure or Listing, including the conduct of risk assessments, risk mitigation measures, and performance of screening. MAS also seeks feedback on the requirement to engage a relevant party prior to exit and listing.</p> <p>Nil comment.</p> <p>Question 3: MAS seeks feedback on the amendments to MAS Notice 626 and additions to the Guidelines to MAS Notice 626, which will clarify how a prescribed bank should integrate information it has received from COSMIC into its broader AML/CFT controls.</p> <p>In relation to MAS 626 sections 4.1 and 4.2, where it is clarified in consultation paper that “A prescribed bank should consider how information from COSMIC could be relevant for its enterprise-wide risk assessment. Such information could provide insights into the bank’s overall customer profile or risk of the products, services or transactions it is involved in, which may be relevant for the bank’s enterprise-wide risk assessment.”</p> <p><u>Response:</u></p> <p>The Bank will incorporate information from COSMIC in the Bank’s risk assessments.</p> <p>Nevertheless, the Bank does not envisage an update to enterprise-wide risk assessment to cater a specific section for COSMIC, given that it will be an integral part of Bank’s risk assessment and presented holistically under respective coverage area, dependent on the nature of COSMIC information and impact (e.g., customer profile or risk of the products, services or transactions).</p> <p>In relation to MAS 626 section 8.3, where it is clarified in consultation paper that “The determination of whether a customer or a beneficial owner of the customer is a PEP, or a family member of close associate of a PEP, may be made by a prescribed bank as part of its risk assessment undertaken under the COSMIC Notice. A prescribed bank that has made such a determination is reminded to perform the enhanced CDD measures set out in Paragraphs 8.3 (a), (b) and (c) of MAS 626. In particular, in relation to Paragraph 8.3(b) of MAS 626, where COSMIC information is relevant (e.g. it discloses previously unknown sources of wealth or funds), a prescribed bank should consider such information in establishing the source of wealth and source of funds of</p>
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		<p>the customer and any beneficial owner of the customer.”</p> <p><u>Response</u></p> <p>To the extent that information is made available to the Bank from COSMIC, the Bank will perform independent assessment to determine the relevance of the information received and the applicable treatment.</p> <p>For instance, the Bank may assess PEP nexus shared from COSMIC by (1) validating the media source within COSMIC information; and (2) applying the Bank's PEP definition and assessment criteria; the Bank may assess SoW/SoF information from COSMIC by understanding whether the information (1) presents material discrepancy; or (3) is an update, from the Bank's record before deciding on the applicable treatment.</p> <p>Requirement for enhanced CDD measures is dependent on the outcome of above assessment and governed under Bank's current framework.</p> <p>Question 4: MAS seeks feedback on the requirements relating to platform safeguards, record keeping, and outsourcing, as set out in the paragraphs above.</p> <p>In relation to MAS FSM Notice section 8.6 where it is proposed that “A prescribed financial institution must ensure that an officer (A) included in the register mentioned in paragraph 8.5 does not share any risk information that A has obtained from the platform, with an officer (B) that is not on the register, except in cases where it is necessary for AML/CFT risk management purposes. In such cases, the prescribed financial institution must:</p> <ul style="list-style-type: none">(a) ensure that A does not disclose to B that the risk information was obtained from the platform;(b) establish and implement policies, procedures and controls to govern the disclosure of risk information by A to B; and(c) document the disclosure by A to B, including the reasons for making such disclosure.” <p><u>Response</u></p> <p>The Bank would like to propose removal of examples (a) (b) and (c)</p> <p>The examples pose operational challenge. Specifically, in planned workflow COSMIC information will be shared with officers who are not authorised to access COSMIC platform "in cases where it is necessary for AML/CFT risk management purposes". The group of officers include: relationship managers and RFI officers who are informed of clients with COSMIC information in order to craft more effective RFIs; officers from first line who are compiling the information, including COSMIC, to present a case holistically for onboarding/retention decision; officers from</p>
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		<p>compliance advisory who opine on risk information received including from COSMIC.</p> <p>From an operational standpoint, the proposed requirement would be challenging to adhere given the frequency and scale of sharing.</p> <p>The Bank thus propose to leverage on the high-level statement i.e., "except in cases where it is necessary for AML/CFT risk management purposes" and maintain a list of designated/authorised contact personnel" to restrict the information sharing to relevant officers.</p> <p>In relation to MAS FSM Notice section 10 on Outsourcing.</p> <p><u>Response</u></p> <p>The Bank will be conducting gap analysis in conjunction with Notice 658 released on 11 December 2023.</p> <p>In view of COSMIC rollout which is prior to the effective date of Notice 658, the Bank would like to clarify on the adherence timeline, specifically, is the Bank expected to be in adherence (1) at the launch of COSMIC phase one; or (2) from 11 December 2024 onwards; or (2) post COSMIC two-year pilot?</p>
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Submissions from respondents to the Consultation Paper on the Regulations Relating to FI-FI Information Sharing for AML/CFT

S/N	Respondent	Feedback from Respondent
1	Charles Monat Association Pte Ltd	<p>Question 1: MAS seeks feedback on whether the proposed scope of “relevant party” adequately captures all AML/CFT-relevant activities that a person may have with a bank in Singapore.</p> <p>Please clarify as to whether the scope of "relevant party" includes connected parties, beneficial owners and authorised persons? This is because at times, suspicions or concerns may pertain to person associated to the clients/policyholders.</p>
2	TD Securities	<p>Question 1: MAS seeks feedback on whether the proposed scope of “relevant party” adequately captures all AML/CFT-relevant activities that a person may have with a bank in Singapore.</p> <p>The following feedback and clarifications are to read in conjunction with the consultation paper issue on Nov 2023.</p> <p>1. Refer to paragraph 6.3 of Annex B MAS Notice FSM – XXX issued as part of consultation paper P018 – November 2023, a prescribed financial institution must screen a relevant party who is a customer or seeks to be a customer of the prescribed financial institution, natural persons appointed to act on behalf of such relevant party, connected parties of such relevant party and beneficial owners of such relevant party, against the platform screening list.</p> <p>In this consultation paper P020 – December 2023, the proposed definition of "relevant party" includes past exited customers and prospects under paragraph 3.2 (a), (b), (c), (d) and (g).</p> <p><u>Clarifications</u></p> <p>In a hypothetical scenario that Prescribed FI A adds a new relevant party into COSMIC which becomes part of the "platform screening list" on 1 Dec 2024. Per paragraph 6.3 of Annex B MAS Notice FSM – XXX, a prescribed FI is required to perform screening of "relevant party" once these names are added on the COSMIC platform by other Prescribed FIs. Does this mean once a relevant party is being added to the platform, the rest of the receiving Prescribed FIs are expected to perform screenings on the relevant party added by Prescribed FI A its past transactions/ customers/ prospects etc. prior to 1 Dec 2024?</p> <p>If the answer to the above is yes, what should be the required look-back period in</p>



		<p>relation to such exited customers and prospects?</p> <p><u>Feedback</u></p> <p>For the definition of "relevant party", there should be a distinction between the Prescribed FI who is providing the information (for instance Prescribed FI A) versus the Prescribed FIs who are the recipients of the information in COSMIC platform. From the perspective as a receiving Prescribed FI, "relevant party" should not include past/ historical prospects as they have not been onboarded and no relationship was formed. Besides each Prescribed FIs will have their own set of risk appetitive and rationale in deciding when to include the relevant party into the COSMIC platform. By including paragraph 3.2(a), (b), (c), (d), (g), it becomes law enforceable upon the receiving Prescribed FIs to act on the information provided by the Prescribed FI A when in the first place, they are not the law enforcement agent.</p> <p>Based on the current definition of relevant party, it implies that the Prescribed FI who is providing the information are empowered by law and the rest of the Prescribed FIs will need to perform the screening of names added as relevant party by another Prescribed FIs. If COSMIC is meant for an information sharing platform, then the "relevant party" definition for the receiving Prescribed FIs should be reviewed.</p> <p>We are of the view that expectation on mandatory screening requirement for the rest of the Prescribed FIs should be upon law enforcement agencies' request. Should the relevant party added by Prescribed FI A was proven to be suspicious, it should follow the current law enforcement investigation process and protocol by sending the name sweep requests for all FIs to perform the name checks and the relevant information as required.</p> <p>2. Per paragraph 6.5 of Annex B MAS Notice FSM – XXX issued as part of consultation paper P018 – November 2023, it is required to undertake risk assessment in the event of a screening positive hit of relevant party against the platform screening list. If the definition of "relevant party" includes past exited customers and prospects under paragraph 3.2 (a), (b), (c), (d), (g) of consultation paper P020 – December 2023, is such risk assessment applicable for such group of prospects and customers? Would suggest not to include past/ historical prospects as per explained in point [1].</p> <p>3. Per paragraph 6.6 of Annex B MAS Notice FSM – XXX, prescribed financial institution as a result of the risk assessment from positive hit of screenings may terminate or decline to establish business relations with a relevant party. However, for relevant party that are past / historical exited customers and prospects under paragraph 3.2 (a), (b), (c), (d), (g) of consultation paper P020 – December 2023, is this paragraph still applicable then since there is no existing relationships with this group of relevant parties.</p>
3	UOB Limited	Question 1: MAS seeks feedback on whether the proposed scope of “relevant



		<p>party” adequately captures all AML/CFT-relevant activities that a person may have with a bank in Singapore.</p> <ol style="list-style-type: none">1. The sharing should allow for sharing of information obtained on counterparties of the relevant parties, as obtained as part of banking activities or follow-up activities.2. For clarity, the relevant parties should include beneficial owners, controllers, connected and related parties as per MAS 626.
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