

MAS Notice FSM- XXX

DD MM YY

NOTICE TO PRESCRIBED FINANCIAL INSTITUTIONS
FINANCIAL SERVICES AND MARKETS ACT 2022

**PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF
TERRORISM – FINANCIAL INSTITUTIONS’ INFORMATION SHARING PLATFORM**

1 INTRODUCTION

- 1.1 This Notice is issued under section 28H(1) and item 3 of Part 2 of the Third Schedule of the Financial Services and Markets Act 2022 (“FSMA”) and applies to a prescribed financial institution, as defined in section 28B of the FSMA.
- 1.2 This Notice takes effect from DD MM YY.

2 DEFINITIONS

- 2.1 For the purposes of this Notice --

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

“business relations”, in relation to a bank in Singapore, means –

- (a) the opening or maintenance of an account by the bank in the name of; or
- (b) the provision of financial advice by the bank to,

a person;

“CDSA” means the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992;

“Disclosure” means the provision of risk information by a prescribed financial institution to another prescribed financial institution under section 28E of the FSMA;

“financial advice” means a financial advisory service as defined in section 2(1) of the Financial Advisers Act 2001 or advising on corporate finance as defined in section 2(1) of the Securities and Futures Act 2001;

“Lister” means a prescribed financial institution that publishes risk information on the platform under section 28F of the FSMA;

“Listing” means a publication of risk information on the platform under section 28F of the FSMA;

“outsourced relevant service”, in relation to a prescribed financial institution which is a bank in Singapore, has the same meaning as in MAS Notice [XXX] on [Management of Outsourced Relevant Services];

“outsourcing agreement”, in relation to a prescribed financial institution which is a bank in Singapore, has the same meaning as in MAS Notice [XXX] on [Management of Outsourced Relevant Services];

“platform” means the electronic information sharing system established under section 28N(1) of the FSMA;

“platform information” means any risk information that is disclosed on the platform under Part 4A of the FSMA;

“Request” means a request for risk information made by a prescribed financial institution to another prescribed financial institution under section 28D of the FSMA;

“Response” means the provision of risk information by a prescribed financial institution to another prescribed financial institution in response to a Request;

“service provider”, in relation to a prescribed financial institution which is a bank in Singapore, has the same meaning as in MAS Notice [XXX] on [Management of Outsourced Relevant Services];

“ML/TF/PF Risk” means any risk associated with money laundering, terrorism financing, or the financing of the proliferation of weapons of mass destruction;

“platform screening list” means the list, as may be updated by the Authority from time to time, which –

(a) contains an extract of key particulars of the risk information published on the platform under section 28F of the FSMA relating to all relevant parties; and

(b) is provided by the Authority to a prescribed financial institution through the platform, for the prescribed financial institution’s screening purposes.

2.2 Except where defined in this Notice or if the context otherwise requires, the expressions used in this Notice have the same meanings as in the FSMA.

3 INTERNAL POLICIES

3.1 A prescribed financial institution must establish and implement policies, procedures and controls to facilitate its Request, Disclosure or Listing.

3.2 In particular, the policies, procedures and controls mentioned in paragraph 3.1 must:

- (a) address how the prescribed financial institution will ensure that –
 - (i) where it intends to make a Request, the conditions set out under section 28D(2) of the FSMA will be satisfied;
 - (ii) where it intends to disclose risk information in a Response, the conditions set out under section 28D(6) or 28D(8) of the FSMA, as the case may be, will be satisfied;
 - (iii) where it intends to make a Disclosure, the conditions set out under section 28E(2) of the FSMA will be satisfied; and
 - (iv) where it intends to make a Listing, the conditions set out under section 28F(1) and (2) of the FSMA will be satisfied;
- (b) include a framework to –
 - (i) assess whether the threshold criteria applicable to the prescribed financial institution for the Request, Disclosure or Listing, as the case may be, are met;
 - (ii) assess whether the conditions set out in sections 28D(6)(b) and (c) of the FSMA, which relate to the necessity and proportionality of the risk information requested, are satisfied before the prescribed financial institution discloses risk information in its Response to a Request;
 - (iii) assess whether the conditions set out in section 28D(8) of the FSMA, if applicable, are satisfied before the prescribed financial institution discloses additional risk information in its Response to a Request; and
 - (iv) determine what information the prescribed financial institution may:
 - 1. request from another prescribed financial institution as part of a Request; or
 - 2. disclose to another prescribed financial institution as part of a Request, Response, Disclosure, or Listing, as the case may be;
- (c) include an approval framework to set out the relevant internal approvals that will need to be obtained prior to a Request, Response, Disclosure or Listing, as the case may be; and
- (d) address how the prescribed financial institution will ensure that the documentation and record retention requirements set out in this Notice, are met.

3.3 The policies, procedures and controls mentioned in paragraph 3.1 must be approved by the prescribed financial institution's senior management.

3.4 A prescribed financial institution shall maintain an audit function that is adequately resourced and independent, and that is able to regularly assess the effectiveness of the

prescribed financial institution's internal policies, procedures and controls, and its compliance with the requirements of this Notice.

4 REQUEST FOR RISK INFORMATION BY A PRESCRIBED FINANCIAL INSTITUTION UNDER SECTION 28D OF THE FSMA

Responsibility of the requester

- 4.1 Upon the receipt of risk information as part of a Response to its Request, a prescribed financial institution must –
- (a) undertake an assessment of the ML/TF/PF Risks presented by the relevant party to which the Request relates, using:
 - (i) the risk information which the prescribed financial institution has received as part of the Response; and
 - (ii) other relevant information from the prescribed financial institution's own investigations or other external sources (such as clarifications received from the relevant party),¹ if any; and
 - (b) document the results of the assessment mentioned in sub-paragraph (a).
- 4.2 Before a prescribed financial institution may terminate or decline to establish business relations with a relevant party arising from the assessment mentioned in paragraph 4.1(a), the prescribed financial institution must have regard to any other relevant information that may be available, such as information from its own investigations or other external sources¹, in addition to risk information that it has received under a Request, in determining whether to terminate or decline to undertake business relations with the relevant party. The prescribed financial institution must document any decision to terminate or decline to establish business relations with the relevant party.

5 PROVISION OF RISK INFORMATION ON A PRESCRIBED FINANCIAL INSTITUTION'S OWN MOTION UNDER SECTION 28E OF THE FSMA

- 5.1 Upon the receipt of risk information as part of a Disclosure, a prescribed financial institution must –
- (a) undertake an assessment of the ML/TF/PF Risks presented by the relevant party to whom the Disclosure relates, using:
 - (i) the risk information which the prescribed financial institution has received as part of the Disclosure; and

¹ Please note in particular section 57 of the CDSA on tipping-off.

- (ii) other relevant information from the prescribed financial institution's own investigations or other external sources (such as clarifications received from the relevant party),¹ if any; and

(b) document the results of the assessment mentioned in sub-paragraph (a).

5.2 Before a prescribed financial institution may terminate or decline to establish business relations with a relevant party arising from the assessment mentioned in paragraph 5.1(a), the prescribed financial institution must have regard to any other relevant information that may be available, such as information from its own investigations or other external sources¹, in addition to risk information that it has received under a Disclosure, in determining whether to terminate or decline to undertake business relations with the relevant party. The prescribed financial institution must document any decision to terminate or decline to establish business relations with the relevant party.

6 PUBLICATION OF THE RISK INFORMATION OF A RELEVANT PARTY ON THE PLATFORM UNDER SECTION 28F OF THE FSMA

Responsibility of the Lister

6.1 Before a Listing, a Lister must engage the relevant party that is the subject of the Listing to clarify any ML/TF/PF risk concerns the Lister has on the relevant party, unless it is not practicable to do so¹. The Lister must document such engagements and, where it does not engage the relevant party, the basis for its assessment not to engage the relevant party.

6.2 The Lister must promptly remove a Listing it has made if –

- (a) the Lister becomes aware of new information after Listing, which indicates that the threshold criteria applicable for that Listing is no longer satisfied; or
- (b) the Lister becomes aware that the Listing was made erroneously.

Screening and other responsibilities

6.3 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 –

- (a) when, or as soon as reasonably practicable after, the prescribed financial institution establishes business relations with the relevant party; and
- (b) on a periodic basis after the prescribed financial institution establishes business relation with the relevant party,

for the purposes of determining if there are any ML/TF/PF Risks in relation to the relevant party.

- 6.4 The results of screening by the prescribed financial institution must be documented.
- 6.5 If the screening results in a positive hit against the platform screening list, the prescribed financial institution must –
- (a) undertake an assessment of the ML/TF/PF Risks presented by the relevant party associated with the positive hit, using:
 - (i) the risk information in the Listing for the relevant party associated with the positive hit; and
 - (ii) other relevant information from the prescribed financial institution's own investigations or other external sources (such as clarifications received from the relevant party), if any; and
 - (b) document the results of the assessment mentioned in sub-paragraph (a).
- 6.6 Where a prescribed financial institution has made a risk assessment as a result of a positive hit from screening a person against the platform screening list, before it may terminate or decline to establish business relations with a relevant party, the prescribed financial institution must have regard to any other relevant information that may be available, such as information from the prescribed financial institution's own investigations or other external sources¹, in addition to risk information in the Listing for the relevant party associated with the positive hit, in determining whether to terminate or decline to undertake business relations with the relevant party. The prescribed financial institution must document any decision to terminate or decline to establish business relations with the relevant party.

7 FORM FOR REQUESTING, PROVIDING OR PUBLISHING RISK INFORMATION

- 7.1 A prescribed financial institution that intends to disclose or publish risk information in a Request, Response, Disclosure, or a Listing under section 28D, 28E or 28F must do so in the form specified by the Authority on the platform.

8 PLATFORM ACCESS, INFORMATION ACCURACY AND INFORMATION SECURITY SAFEGUARDS

Requirement to Maintain Security and Integrity of Platform Information

- 8.1 A prescribed financial institution must establish and implement systems and processes to ensure that the risk information it includes in a Request, Response, Disclosure or Listing is accurate and complete as at the time of making such Request, Response, Disclosure or Listing.
- 8.2 A prescribed financial institution must correct any risk information it has provided in a Request, Response, Disclosure or Listing that is inaccurate or incomplete promptly after the prescribed financial institution becomes aware of the error or omission, by notifying the Authority of the error or omission and the proposed correction, in the form specified

by the Authority on the platform. The prescribed financial institution must ensure that it establishes and implements systems and processes to ensure the prompt correction and notification of any such errors or omissions.

- 8.3 A prescribed financial institution must implement IT controls capable of —
- (a) protecting the security, integrity and confidentiality of platform information that it receives or accesses on the platform;
 - (b) securely transmitting and receiving information between the platform and the prescribed financial institution; and
 - (c) preventing unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks to platform information.
- 8.4 If a prescribed financial institution discovers an event that involves a security breach, such as hacking of, intrusion into, or denial of service attack on, a system which compromises the security, integrity or confidentiality of platform information it has in its possession, the prescribed financial institution must —
- (a) conduct an assessment as soon as reasonably practicable to identify if there is a lapse in its security measures and determine the impact of the incident;
 - (b) immediately implement mitigating controls to minimize the impact of the security breach identified; and
 - (c) notify the Authority as soon as possible, but not later than 1 hour upon the discovery of the security breach.

Requirement to Safeguard Access to Platform

- 8.5 A prescribed financial institution must maintain a register of the details of the officers that may access the platform, which must be approved by senior management. The prescribed financial institution must not allow an officer who is not on that register to access the platform.
- 8.6 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:
- (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.

9 RECORD KEEPING

9.1 A prescribed financial institution must:

- (a) prepare, maintain and retain records of all data, documents and information relating to the prescribed financial institution's Request, Response, Disclosure or Listing, including the basis of its assessment to:
 - (i) initiate a Request;
 - (ii) disclose or decline to disclose the risk information requested in its Response to a Request,
 - (iii) initiate or decline to initiate a Disclosure;
 - (iv) initiate, decline to initiate, or remove a Listing; and
- (b) in relation to all data, documents and information that the prescribed financial institution is required to obtain or produce to comply with this Notice, prepare, maintain and retain records of the data, documents and information.

9.2 A prescribed financial institution must perform the measures as required by paragraph 9.1 such that -

- (a) the Authority or other relevant authorities in Singapore and the internal and external auditors of the prescribed financial institution would be able to review the prescribed financial institution's records and assess the level of compliance with the requirements of this Notice; and
- (b) the prescribed financial institution 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.

9.3 Subject to paragraph 9.5 and any other requirements imposed by law, a prescribed financial institution must comply with the following record retention periods and incorporate such periods within its record retention policies:

- (a) for data, documents and information relating to its Request, a period of at least 5 years following the initiation of the Request;
- (b) for data, documents and information relating to its Response, a period of at least 5 years following the receipt of the Request to which the Response relates;
- (c) for data, documents and information relating to its Disclosure, a period of at least 5 years following the Disclosure;
- (d) for data, documents and information relating to its Listing, a period of at least 5 years following the Listing or the removal of the Listing (where the Listing is removed);

- (e) for data, documents and information relating to its assessment not to make a Disclosure or Listing, a period of at least 5 years following the date of the decision to not make the Disclosure or Listing;
- (f) for data, documents and information relating to an assessment made under paragraph 4.1, 5.1 or 6.5, a decision to terminate or decline to establish business relations following that assessment, or the screening results mentioned in paragraph 6.4, a period of:
 - (i) at least 5 years from the date of the screening or assessment, as the case may be; or
 - (ii) at least 5 years from the date of termination of or denial to establish business relations with the relevant party associated with the screening or assessment, as the case may be,whichever is the later; and
- (g) for data, documents and information relating to a disclosure made under paragraph 8.6, a period of at least 5 years from the date of such disclosure.

9.4 A prescribed financial institution 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.

9.5 A prescribed financial institution must retain records of data, documents and information on all its business relations with or transactions for a customer pertaining to a matter which is under investigation or which has been the subject of an STR, in accordance with a request or order from STRO or other relevant authorities in Singapore.

10 ADDITIONAL REQUIREMENTS RELATING TO OUTSOURCED RELEVANT SERVICES THAT INVOLVE THE DISCLOSURE OF RISK INFORMATION

Evaluation of Service Provider relating to Outsourced Relevant Services

10.1 Where a prescribed financial institution intends to obtain an outsourced relevant service which involves or may involve the disclosure of platform information to the service provider, the prescribed financial institution must only obtain the outsourced relevant service from a service provider that has met the requirements of [paragraphs XXX] of MAS Notice [XXX] on [Management of Outsourced Relevant Services].

Outsourcing Agreement and Access to Information relating to Outsourced Relevant Services

10.2 Where a prescribed financial institution intends to obtain an outsourced relevant service which involves or may involve the disclosure of platform information to the service provider, the pertinent financial institution must ensure that the outsourcing agreement that it enters into with the service provider includes all of the following:

- (a) a requirement that the service provider protects the confidentiality and integrity of all platform information;
- (b) a requirement that the service provider ensures that the service provider and its employees only access, collect, store, process or use any platform information, to the extent that is necessary for the service provider to provide the outsource relevant service;
- (c) a requirement that the service provider ensures that the service provider and its employees do not disclose any platform information to any third party, unless compelled by law, in which case the service provider, must notify the prescribed financial institution as soon as practicable to the extent permitted by law;
- (d) a requirement that the service provider, on a request by the prescribed financial institution, satisfies the prescribed financial institution, its auditors, the Authority or any person appointed by the Authority, by the production of such evidence or information as may be required, that the service provider is in compliance with paragraph (a);
- (e) a requirement that the prescribed financial institution may terminate the outsourcing agreement or stop obtaining or receiving the outsourced relevant service from the service provider under any of the following circumstances:
 - (i) the service provider has failed to safeguard the confidentiality or integrity of the platform information in its custody;
 - (ii) there has been a demonstrable deterioration in the ability of the service provider to safeguard the confidentiality or integrity of the platform information in its custody.

Protection of Platform information, threshold criteria or high-risk indicators, relating to Outsourced Relevant Services

10.3 A prescribed financial institution that receives an outsourced relevant service which involves or may involve the disclosure of platform information to the service provider, must implement adequate measures to protect such information that is disclosed to the service provider against unauthorised disclosure, access, collection, copying, modification, use, disposal or similar risks. The prescribed financial institution must at the minimum ensure that the measures include all of the following:

- (a) notifying the service provider in writing of –
 - (i) the prescribed financial institution's obligation to keep platform information confidential under the FSMA and common law;
 - (ii) the service provider's obligation to keep platform information confidential under the FSMA; and

- (iii) in the case where the outsourced relevant service is to be performed outside Singapore, the prescribed financial institution's obligations to protect platform information, in accordance with the laws of the place where the outsourced relevant service is to be performed;
- (b) ensuring that platform information is disclosed to, or accessed, collected, copied, modified, used, stored or processed by, a service provider and its employees only to the extent that is necessary for the service provider and its employees to provide the outsourced relevant service.

Termination of Outsourced Relevant Services

10.4 If any of the circumstances specified in paragraph 10.2(e) arise, a prescribed financial institution shall –

- (a) notify the Authority of the circumstances that have arisen as soon as possible;
- (b) consider whether to exercise its right to terminate the outsourcing agreement or to stop obtaining or receiving the outsourced relevant service from the service provider, and document the prescribed financial institution's considerations; and
- (c) exercise its right to terminate the outsourcing agreement or to stop obtaining or receiving the outsourced relevant service from the service provider if the Authority directs the prescribed financial institution to do so, having regard to public interest or the interest of customers.

10.5 Upon the termination of the outsourcing agreement relating to an outsourced relevant service that involves the disclosure of platform information or when a prescribed financial institution stops obtaining or receiving an outsourced relevant service that involves the disclosure of platform information, the prescribed financial institution shall 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 except where –

- (a) the service provider is prohibited from doing so by written law or foreign laws, in the case where the outsourced relevant service is obtained or received overseas; or
- (b) in the case where the service provider is a branch or office of the prescribed financial institution, the record, document or information is stored in a system used by the prescribed financial institution which upon the termination of the outsourcing agreement, can only be accessed by the prescribed financial institution.