

RESPONSE TO FEEDBACK RECEIVED – CONSULTATION ON THE DRAFT NOTICE TO HOLDERS OF STORED VALUE FACILITIES ON PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM

MAS published a consultation paper on 31 August 2007 to seek comments on the draft Notice to holders of stored value facilities (“SVF”) on prevention of money laundering and countering the financing of terrorism.

The consultation closed on 30 September 2007. A total of seven respondents provided feedback on the draft Notice. MAS has reviewed the comments received and incorporated them into the Notice where appropriate.

MAS thanks all respondents for their contributions. Comments of common interest and our responses to them are highlighted below.

COMMENTS RELATING TO DRAFT NOTICE

1. Applicability of the Notice

A few respondents sought clarification on the applicability of the Notice.

MAS’ Response

The requirements in the Notice are applicable to holders of stored value facilities that have a load limit of more than S\$1,000.

2. Existing Users

A respondent enquired whether the due diligence measures would need to be performed retrospectively to existing customers after the Notice comes into effect.

MAS' Response

Holders should assess the adequacy of their identification information on the basis of materiality and risk, and to perform due diligence measures on existing users where appropriate.

3. Enquiry into Existence of Beneficial Owner

A few respondents sought clarification on the reasonable measures which would be needed to identify and verify the identity of each beneficial owner.

MAS' Response

In determining the specific measures necessary to identify and verify beneficial owners, holders should assess the risk of money laundering or terrorist financing taking into account the nature of their businesses and customers. If a holder has taken reasonable steps to identify a beneficial owner, but still remains unconvinced, the holder should not proceed with the transaction.

4. Simplified Due Diligence

A respondent requested MAS to provide additional details concerning the specific requirement to qualify for simplified due diligence.

MAS' Response

The Notice allows holders of relevant stored value facilities to apply simplified due diligence measures in cases where the holder is satisfied that the risk of money laundering or terrorist financing is low. It is the responsibility of holders to assess such risk, having regard to the circumstances of each case, before applying simplified due diligence measures.

5. Bulk Purchase Limit of S\$20,000 (recommended in SVF guidelines)

A few respondents highlighted that principle 5 of the SVF guidelines (issued in June 2006) recommended putting in place restriction on bulk purchase of S\$20,000 or more and sought clarification on whether the bulk purchase limit would apply in the Notice.

MAS' Response

The Notice spells out mandatory requirements for holders of relevant stored value facilities. On the other hand, the SVF guidelines contain broad principles on the sound practices and risk mitigation measures that should be adopted by all holders of stored value facilities.