

# CONSULTATION PAPER

P003 - 2018

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## Consultation Paper on Changes to AML/CFT Requirements Imposed on Money-Changing and Remittance Businesses

MAS

Monetary Authority of Singapore

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## 1 Preface

1.1 The Monetary Authority of Singapore (MAS) currently imposes anti-money laundering and countering of financing of terrorism (AML/CFT) measures on money-changing and remittance business licensees through MAS Notice 3001. In order to enhance the mitigation of risks in the sector, MAS proposes to:

- (a) Issue a new Notice on prohibitions of issuance of bearer instruments and restrictions of cash pay-outs; and
- (b) Amend MAS Notice 3001 to facilitate the conduct of non-face-to-face business and to better mitigate the risks of FX transactions.

1.2 MAS invites comments from licensees and other interested parties.

**Please note that all submissions received will be published and attributed to the respective respondents unless they expressly request MAS not to do so. As such, if respondents would like (i) their whole submission or part of it, or (ii) their identity, or both, to be kept confidential, please expressly state so in the submission to MAS. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libellous or offensive.**

1.3 Please submit written comments by 12 February 2018 (4 weeks) to –

Technology Risk and Payments Department  
(Attention: Payments and Infrastructure Division)  
Monetary Authority of Singapore  
10 Shenton Way, MAS Building  
Singapore 079117  
Email: [mcraconsult@mas.gov.sg](mailto:mcraconsult@mas.gov.sg)

1.4 Electronic submission is encouraged. We would appreciate that you use the suggested template in Annex E for your submission to ease our collation efforts.

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## 2 New Notice on Prohibition of Issuance of Bearer Instruments and Restriction in Cash Pay-outs

2.1 Cash and bearer instruments, such as cash cheques, are anonymous in nature and therefore open to abuse for the purpose of money laundering or terrorism financing (ML/TF). Money-changing and remittance businesses are inherently cash intensive, hence in order to mitigate the consequent ML/TF risks, MAS proposes to:

- (a) prohibit holders of a money-changer's licence and/or a remittance licence from issuing bearer instruments, for example cash cheques, in any currency to their customers; and
- (b) require holders of a money-changer's licence who performs inward remittance transactions, and holders of a remittance licence to use non-cash settlement methods for pay-outs of SGD 20,000 and above (or such equivalent amount in foreign currency) to persons in Singapore.

2.2 The draft new notice is set out in Annex B.

**Question 1.** MAS seeks comments on the proposed new Notice.

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### 3 Amendments to MAS Notice 3001

#### Non-Face-to-Face Business

3.1 Paragraph 6.33 of the MAS Notice 3001 currently requires a licensee to seek MAS' written approval prior to establishing an account relationship with, or undertaking a relevant business transaction without an account being opened for, a customer without face-to-face contact with the customer ("non-face-to-face business").

3.2 In order to facilitate innovation and taking into consideration new technology solutions, MAS proposes to remove the requirement for a licensee to seek MAS' prior approval to conduct non-face-to-face business.

3.3 Licensees will still be required to develop policies and procedures to address the specific ML/TF 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.

3.4 In addition, licensees will be required to appoint an auditor to assess the effectiveness of policies and procedures put in place to mitigate the risk of non-face-to-face business. This assessment should be done no later than one year after commencement of the licensee's non-face-to-face business relations. In general, the licensee must perform customer due diligence (CDD) measures that are at least as robust as those that would be required to be performed if there was face-to-face contact.

3.5 Please see Annex C for the proposed paragraphs 6.33 to 6.36 that are to be amended in MAS Notice 3001 and Annex D for the proposed amendments to Guidelines to MAS Notice 3001.

**Question 2.** MAS seeks comments on the proposed amendments to paragraph 6.33 to 6.36 of MAS Notice 3001 to implement the proposed approach to facilitating non-face-to-face business.

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Foreign Exchange (“FX”) Transactions

3.6 Holders of a remittance licence may occasionally buy or sell foreign currencies for their remittance needs. Where such foreign exchange transactions are done without the use of foreign currency notes, due diligence on their FX counterparties may not be performed, thus exposing licensees to ML/TF risks.

3.7 MAS proposes to amend MAS Notice 3001 to require holders of a remittance licence to perform CDD on such FX counterparties for the purchase or sale of foreign currencies. Please see Annex C for the proposed paragraphs 8A.1 to 8A.4 that are to be added to MAS Notice 3001.

**Question 3.** MAS seeks comments on the proposed addition of paragraphs 8A.1 to 8A.4 on FX counterparties to MAS Notice 3001.

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**Annex A**

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