

Guidelines

for Regulated Dealers in the
Precious Stones and Precious Metals Dealers Sector
on Anti-Money Laundering/Countering the Financing of
Terrorism

Version Control Record

Version	Release Date	Key Changes
1.0	30 Apr 2019	<ul style="list-style-type: none"> • First release
1.1	28 Aug 2019	<ul style="list-style-type: none"> • Clerical edits and formatting • Expanded on definition of “precious product” in paragraph 2.1 • Update references to the CTR form and CTR filing process to reflect updates to the CTR smart form in: <ul style="list-style-type: none"> ○ paragraph 2.1 ○ paragraph 12 • Updated MAS weblink in: <ul style="list-style-type: none"> ○ paragraph 4.2.2(a) footnote 8 ○ paragraph 6.3.2(b) ○ Annex C, paragraph 4.1(b) ○ Annex C, paragraph 5.1(b) ○ Annex E, B1.2 • Added best practice to verify if customer is authorised to act on behalf of another person in: <ul style="list-style-type: none"> ○ paragraph 6.2.2 ○ Annex C, paragraph 10.1(e) ○ Annex E, A1.15 • Added best practice to understand the nature of business of a legal person in: <ul style="list-style-type: none"> ○ paragraphs 6.3.1 and 6.3.3 ○ Annex E, A2.18 ○ Annex E, A3.20 • Clarified screening process against terrorist designations and financial sanctions lists in paragraph 6.3.2 • Clarified notification of countries/jurisdictions that the FATF has called for countermeasures against in paragraph 7.1.2 • Added list of additional ECDD measures for consideration of regulated dealers in paragraph 7.2.2 • Clarified that SCDD is meant to cover only a segment of customers in paragraph 8.1.1 • Clarified “confidentiality” requirement under section 10A of TSOFA in paragraph 12.4.2 • Clarified record keeping requirement for legal persons in: <ul style="list-style-type: none"> ○ paragraph 13.1.2 ○ Annex C, paragraph 10.1

		<ul style="list-style-type: none"> • Clarified requirement to obtain proof of supporting documentation for customer's identity in: <ul style="list-style-type: none"> ○ paragraph 13.1.2(b) ○ Annex C, paragraph 10.1(b) • Clarified circumstances in which to report to police or consider filing STR in Annex A • Added customer behavior (ix) and supplier behavior (x) in Annex D • Segmented headers for section B3 and B4 in Annex E, Form B
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1 Introduction

- 1.1 All regulated dealers in the precious stones and precious metals dealers (“PSMD”) sector are subject to regulatory requirements¹ under the following laws:
- The Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act 2019 (“PSPM Act”), which establishes the regulatory regime for PSMDs in Singapore, and defines the scope of regulated dealing.
 - The Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Regulations (“PMLTF Regulations”), which sets out the specific requirements for regulated dealers.
- 1.2 The Guidelines aim to help regulated dealers understand their obligations under the PSPM Act and PMLTF Regulations.
- 1.3 Regulated dealers may refer to **Annex A** for an example of an anti-money laundering/countering the financing of terrorism (“AML/CFT”) flowchart process.
- 1.4 The Guidelines are not meant to be exhaustive, and may be amended from time to time. Regulated dealers are advised to refer to the latest version on the Ministry of Law website at <https://acd.mlaw.gov.sg>.
- 1.5 It is the responsibility of the regulated dealer to ensure that it is in compliance with all legal requirements.

¹ Regulated dealers are also subject to other laws (e.g. Terrorism (Suppression of Financing) Act, United Nations Act and Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act).

2 Definition of Terms Used in Guidelines

2.1 The following table summarises some key terms used in the Guidelines. Please refer to the PSPM Act and the PMLTF Regulations for the full definition of these terms.

Terms	Definitions
Asset-backed token	<p>Any instrument backed by one or more precious stone, precious metal or precious product which entitles the holder to the precious stone, precious metal or precious product.</p> <p>Securities, derivatives contracts and commodity contracts are not asset-backed tokens.</p>
Beneficial owner	<p>Refers to an individual:</p> <ul style="list-style-type: none">i. who ultimately owns or controls the entity or legal arrangement;ii. who exercises ultimate effective control over the entity or legal arrangement; oriii. on whose behalf an entity or legal arrangement conducts any transaction with a regulated dealer. <p>For example, if a representative from a company purchases S\$30,000 worth of jewellery in cash, the company representative is not the beneficial owner ("BO"). The BO is the individual who has ultimate effective control over the company.</p>
Cash equivalent	<p>Cash equivalents refer to cash vouchers with cash value which may be exchanged for cash or for any precious stone, precious metal or precious product.</p> <p>For example, vouchers issued by a regulated dealer or shopping mall which can be used for the purchase of precious stone, precious metal or precious product.</p>
Compliance officer	<p>A management-level employee or owner of the regulated dealer who is tasked to be in charge of all AML/CFT matters within the entity or organisation. Sole proprietors can be the compliance officer.</p>
Customer	<p>Refers to a person (whether a natural person or legal person) whom a regulated dealer enters or intends to enter into a transaction with.</p>

Terms	Definitions
Designated transaction	<p>Generally, refers to a transaction paid using cash or a cash equivalent exceeding S\$20,000 in value conducted wholly or partly in Singapore.</p> <p>There could be instances where a customer/BO conducts multiple small transactions (less than S\$20,000 individually) within the same day. However, if the total value of all transactions exceeds S\$20,000, these transactions are considered as a designated transaction.</p>
Form NP 784	Refers to the Cash Transaction Report (“CTR”) set out by the Suspicious Transaction Reporting Office (“STRO”) which is filed electronically.
Family member	Refers to a parent, step-parent, child, step-child, adopted child, spouse, sibling, step-sibling and adopted sibling.
Key Personnel	<p>Refers to an individual who is any of the following:</p> <ul style="list-style-type: none"> i. where the registered dealer is a company, a substantial shareholder (who owns more than 5% of the shares of the company); ii. a director, manager, partner, secretary or other person holding an analogous position involved in the management of the regulated dealer; iii. an employee managing the regulated dealer’s place of business.
Legal person	Refers to a legal entity or legal arrangement.
Politically-exposed person and their close associates	<p>Politically-exposed person (“PEP”) refers to an individual who has been entrusted with any prominent public function in:</p> <ul style="list-style-type: none"> i. Singapore; ii. a foreign country; or iii. an international organisation. <p>Due to their position and influence, family members and close associates of PEPs should be subject to Enhanced Customer Due Diligence measures because of the potential for abuse of the relationship for the purpose of moving the proceeds of crime, or facilitating their placement and disguise, as well as for terrorism financing purposes.</p>

Terms	Definitions
	<p>Close associate refers to individuals who are closely connected to a PEP, either socially or professionally. They usually refer to a:</p> <ul style="list-style-type: none"> i. partner of the PEP; ii. person accustomed to act in accordance with the directions of the PEP; iii. person who has influence over a PEP; or iv. person who has an agreement with a PEP to act together.
Precious stone	Refers to diamonds, sapphires, rubies, emeralds, jade (including nephrite and jadeite), and pearls.
Precious metal	Refers to gold, silver, platinum, iridium, osmium, palladium, rhodium, ruthenium, or an alloy with at least 2% of weight in any of the aforementioned metals.
Precious product	<p>Refers to any finished product (e.g. jewellery, watch, apparel, accessory or ornament) that derives 50% or more of its value from any precious stone and/or precious metal making up, contained in, or attached to that product.</p> <p>An item is considered a "precious product" if at least 50% of its transacted price is due to the precious stone or precious metal (or both) making up, contained in or attached to the product. The transacted price should take into account any discounts given in the course of ordinary business operations.</p> <p>The following are excluded from the definition of precious products:</p> <ul style="list-style-type: none"> i. Any machinery, tool or equipment used for industrial purposes; ii. Any medical device within the meaning given by item 1 of the First Schedule to the Health Products Act (Cap. 122D).
Prominent public function	Includes the role held by a head of state, a head of government, a government minister, a senior public servant, a senior judicial or military official, a senior executive of a state-owned corporation, a member of the legislature, a senior official of a political party, or a member of the senior management of an international organisation.
Registrar	Refers to the Registrar of Regulated Dealers appointed under section 4(1) of the PSPM Act. The Registrar is responsible for the administration of the PSPM Act.

Terms	Definitions
Regulated dealer	Refers to a person who carries on a business of regulated dealing or business as an intermediary for regulated dealing.
Regulated dealing	Refers to doing any of the following: <ul style="list-style-type: none"> i. manufacturing any precious stone, precious metal or precious product; ii. importing or possessing for sale any precious stone, precious metal or precious product; iii. selling or offering for sale any precious stone, precious metal or precious product; iv. selling or redeeming asset-backed tokens; v. purchasing any precious stone, precious metal or precious product for the purposes of resale.
Substantial shareholder	Includes any shareholder that owns at least 5% of all voting shares in the company (refer to definition under section 81 of the Companies Act).

3 Money Laundering and Terrorism Financing

3.1 What is Money Laundering

3.1.1 Money laundering (“ML”) enables criminals to commit crimes by obscuring the proceeds of their crimes, and making them appear to originate from legitimate sources.

3.1.2 There are 3 stages involved in ML:

- a. **Placement** – Placement occurs when the proceeds from illegal activities are first introduced into the economy and financial system. This could be done by breaking up large amounts of cash into less conspicuous² smaller sums, and depositing them into a bank account; by purchasing a series of monetary instruments (cheques, money orders, etc.) that are collected and deposited into other accounts. For example, multiple small precious stones, precious metals, precious products and/or asset-backed tokens (“PSPM”) purchases (below S\$20,000) could be made instead of one single large transaction, which may attract reporting obligations by PSPM sellers.
- b. **Layering** – Layering refers to separating illicit proceeds³ from their source by creating layers of transactions designed to disguise the source of money and

² Less conspicuous also means less noticeable.

³ Illicit proceeds also mean criminal proceeds.

to subvert the audit trail⁴. The funds might be channelled through the purchase and sale of high-value products or services (diamonds, jewellery, gold bars, etc.), or be wired through multiple bank accounts⁵. For example, a money launderer could attempt to avoid detection by using third party cheques to purchase PSPM.

- c. **Integration** – Integration means placing the laundered funds back into the economy and financial system with the appearance of being legitimate funds. For example, cash obtained from the sale of high-value products are banked into accounts, or are used to buy luxury assets such as jewellery or real estate.

3.2 What is Terrorism Financing

- 3.2.1 Terrorism financing (“TF”) involves providing services, supplies and materials to support terrorist organisations and their activities. Terrorism seeks to influence, compel, or intimidate governments or the general public through threats, violence, or damage to property. The Terrorism (Suppression of Financing) Act (“TSOFA”) was enacted in Singapore to combat this threat.
- 3.2.2 TF may be financed using legitimate funds (e.g. business or charity funds) or illegitimate funds (e.g. from extortion or drug trafficking). While the sums used to finance individual acts of terrorism may not always involve large sums of monies; the methods used, particularly by terrorist organisations, to raise, move, or conceal funds for their activities can be similar to those used by criminal organisations to launder their funds.
- 3.2.3 Both ML and TF pose serious risks to Singapore’s safety and security as they enable harmful criminal activities go undetected. Due to the trans-border nature of ML and TF, they also threaten Singapore’s reputation as a trusted international financial and trading centre. Disrupting and preventing these terrorism-related financial flows and transactions help to fight terrorism. It is therefore critical for all stakeholders to play an active role in addressing these threats.

⁴ Subvert the audit trail also means hide the audit trail.

⁵ Wired through multiple bank accounts also means transferred through multiple bank accounts.

4 Risk Assessment

4.1 Risk-Based Approach

- 4.1.1 The purpose of the AML/CFT regulatory and supervisory regime is to manage and effectively mitigate⁶ the ML/TF risks faced by regulated dealers.
- 4.1.2 Regulated dealers are required to assess the ML/TF risks faced by their business and adopt a risk-based approach to address these risks. A risk-based approach requires regulated dealers to ensure that programmes and measures to manage and mitigate ML/TF risks are commensurate with the level of ML/TF risks⁷ identified.
- 4.1.3 Under the risk-based approach, regulated dealers must:
- a. identify, assess and understand the ML/TF risk in their business; and
 - b. take reasonable steps to manage and mitigate those ML/TF risks.

4.2 How to Perform Risk Assessment

- 4.2.1 The regulated dealer must consider all relevant risk factors in its risk assessment before determining the overall level of ML/TF risks and the appropriate type and extent of measures to be applied.
- 4.2.2 Regulated dealers must take appropriate steps to identify, assess and understand the ML/TF risks in relation to:
- a. the profile⁸ of its customers,
 - b. the customers' country of origin;
 - c. the countries where the regulated dealer has operations; and
 - d. the following aspects of the regulated dealer's business:
 - i. The product nature of the PSPMs (e.g. value, liquidity or source);
 - ii. The services provided (e.g. retail, wholesale, manufacture or import);
 - iii. The mode and value of transactions (e.g. cash, in-kind payments, bank transfer, credit card, virtual currencies or digital payment tokens); and

⁶ Mitigate also means reduce.

⁷ Commensurate with the level of ML/TF risks also means proportionate to the level of ML/TF risks.

⁸ As part of profile checks, regulated dealers can refer to the Monetary Authority of Singapore website if the customer is on the sanction lists of designated individuals and entities. (<https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>).

- iv. Delivery channels (e.g. over-the-counter, courier or delivery of PSPMs to a foreign country).
- 4.2.3 Regulated dealers must document their risk assessments, and ensure that the risk assessments are kept up to date.
- 4.2.4 The regulated dealer must be able to provide the risk assessments and relevant documentation to the Registrar upon request.
- 4.2.5 Regulated dealers can refer to **Annex B** for a guide on how to perform the ML/TF risk assessment.

5 Programmes and Measures to Prevent Money Laundering and Terrorism Financing

5.1 Importance of AML/CFT Governance

5.1.1 The commitment, participation and authority of owners and controlling persons (senior management) is important to a sound AML/CFT risk management framework. The senior management should ensure that its risk mitigating measures are adequate, robust, and effective. The successful implementation of a risk-based approach to AML/CFT requires the regulated dealer to have a good understanding of the ML/TF risks it is exposed to.

5.1.2 The ML/TF risks are not static as criminals will modify their ML/TF methods to avoid detection and overcome measures put in place to manage ML/TF risks. To encourage proper governance and a culture of AML/CFT compliance, regulated dealers and their senior management should:

- a. receive sufficient information to form an accurate picture of the ML/TF risks, including emerging or new ML/TF risks;
- b. receive sufficient and objective information to assess whether the regulated dealer's AML/CFT controls are adequate and effective;
- c. receive information on legal and regulatory developments and the impact these have on the regulated dealer's AML/CFT framework; and
- d. ensure that processes are in place to escalate important decisions that directly impact the ability of the regulated dealer to manage and mitigate ML/TF risks, especially where AML/CFT controls are assessed to be inadequate or ineffective.

5.2 Requirements of the Programmes and Measures

5.2.1 A regulated dealer must have appropriate programmes in place to prevent ML, TF and proliferation financing⁹. Such programmes include internal policies, procedures and controls ("IPPC") to manage and effectively mitigate ML/TF risks. The IPPCs should be communicated clearly to the employees for them to implement it.

5.2.2 Regulated dealers must develop and implement IPPCs, which must be approved by its senior management, including:

⁹ Pursuant to the United Nations Act, the regulated dealer should ensure that their AML/CFT measures are in compliance with the relevant United Nations Regulations on Iran and Democratic People's Republic of Korea ("DPRK"). These regulations prohibit the provision of services, supplies and material to prohibited entities linked to proliferation financing activities. Proliferation financing refers to the financing of proliferation of weapons of mass destruction.

- a. making appropriate compliance management arrangements, including the appointment of a compliance officer at the management level; and
 - b. applying adequate screening procedures when hiring employees.
- 5.2.3 The regulated dealer must also:
 - a. take enhanced measures to manage and mitigate risk of ML/TF where higher risks are identified;
 - b. have an ongoing programme to train employees on the IPPCs; and
 - c. monitor the implementation of the IPPCs, and enhance them if necessary.
- 5.2.4 Before launching a new product or a new business practice (a new product line, a new medium of transaction, delivery mechanism, etc.) or before using a new or developing technology for any new or existing product, regulated dealers must:
 - a. identify and assess the ML/TF risks that may arise in relation to the new product, business practice or technology; and
 - b. take appropriate measures to manage and mitigate such risks.
- 5.2.5 For regulated dealers who carry out or intend to enter into a designated transaction, they must have an independent audit function to test the IPPCs. For example, the auditing unit or staff must be adequately independent of the business arm and not involved in the establishment, implementation or maintenance of the AML/CFT programme.
- 5.2.6 Regulated dealers can refer to **Annex C** to customise IPPCs that are appropriate for their business.

6. Customer Due Diligence (“CDD”)

CDD refers to the process of obtaining the customers’ identifying information and verifying who they are before transacting with them. This helps the regulated dealer to determine the ML/TF risks and take mitigating measures to address them.

There are three levels of customer due diligence - CDD, enhanced CDD and simplified CDD to provide for the risk-based customisation of the CDD measures. Thus, in situations where politically exposed persons may be involved, or in other situations where there is higher risk of ML/TF, a regulated dealer is required to undertake enhanced CDD measures in paragraph 7, in addition to the CDD measures in paragraph 6. Conversely, paragraph 8 on simplified CDD allows regulated dealers to apply a lower level of customer due diligence, provided the conditions for simplified CDD are met.

6.1 When to Perform CDD

6.1.1 Regulated dealers are required to perform CDD under the following circumstances:

- a. Before entering into a designated transaction;
- b. When there is suspicion of ML/TF;
- c. When there are doubts about the accuracy or adequacy of previously obtained customer identification data; for example, if the customer’s behaviour does not match what the regulated dealer knows of the customer, from the previous interactions with him.

6.1.2 Regulated dealers can also refer to **Annex D** for an indicative list of red flag indicators to look out for during the transactions with customers and/or suppliers.

6.2 Requirements of CDD

6.2.1 This paragraph sets out the CDD components to be applied. As part of the CDD process, regulated dealers must:

- a. obtain, record, and verify the customer’s identifying information through independent and credible sources.
 - i. For individuals, this can be done by verifying the customer’s identity card, passport or other government-issued identity document (which should bear the photograph of the customer).
 - ii. For legal entities (e.g. customers who are businesses), this can be done by verifying the information listed in paragraphs 6.3.3 to 6.3.7.

- b. ask if the customer is the owner of the cash or cash equivalent which he is paying with to purchase the PSPM. If he is not, the regulated dealer is required to take reasonable measures to verify the owner's identity using reliable and independent sources.
- c. ask if the customer is the owner of the PSPM and/or asset-based token which he is selling to the regulated dealer. If he is not, the regulated dealer is required to take reasonable measures to verify the owner's identity using reliable and independent sources.
- d. ascertain whether the customer is acting on behalf of any other person, and if so:
 - i. identify and take reasonable measures to verify that other person's identity using reliable and independent sources; or
 - ii. if that other person is an entity or legal arrangement, perform the required CDD measures.

6.2.2 By doing the above where the customer is acting on behalf of any other person, the regulated dealer should have obtained sufficient information to ascertain if the customer is authorised to act on behalf of another.

6.3 How to Perform CDD

Identifying information to be obtained during CDD

6.3.1 These are the identifying information to obtain from the customers:

Records of identifying information to be maintained	
Individual	Legal person (e.g. company, partnership, trust)
<ul style="list-style-type: none"> • Full name, including any alias • Date of birth • Residential address • Contact numbers and other forms of contact information (e.g. email) where appropriate 	<ul style="list-style-type: none"> • Full name¹⁰ • The date of incorporation or registration • Registered office address and principal place of business (if different)

¹⁰ As registered with the Accounting and Corporate Regulatory Authority ("ACRA"), under the Business Names Registration Act.

<ul style="list-style-type: none"> • Nationality (including multiple nationalities, where applicable) • Identification number and its date of expiry (if applicable), to be verified against government-issued identity documents (with photograph). For example: <ul style="list-style-type: none"> ○ National Registration Identity Card (“NRIC”) number ○ Passport number ○ Taxpayer identification number • Occupation 	<ul style="list-style-type: none"> • Telephone number and other contact information (e.g. email) where appropriate • The place of incorporation or registration • The business registration number or the unique number and its date of expiry (if applicable) indicated on any other document issued by any government agency certifying its incorporation, registration or existence. • Nature of business
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Customers to be screened against terrorist designations and financial sanctions lists

6.3.2 The regulated dealer should screen their customers against these lists through the following (non-exhaustive) means. If there is a name match of the customer’s name against the listings for terrorist designation and designated individuals and entities, regulated dealers must stop the transaction and report to the police (refer to paragraph 14.2).

- a. Refer to Ministry of Home Affairs (“MHA”)’s website on the Inter-Ministry Committee on Terrorist Designation (“IMC-TD”) on terrorist designation and legislation for countering the financing of terrorism. Regulated dealers should subscribe to the IMC-TD mailing list to receive listings on terrorist designation (persons and entities designated as terrorists).

[https://www.mha.gov.sg/inter-ministry-committee-terrorist-designation-\(imc-td\)](https://www.mha.gov.sg/inter-ministry-committee-terrorist-designation-(imc-td))

- b. Refer to Monetary Authority of Singapore (“MAS”)’s website on targeted financial sanctions under the United Nations Regulations (“UN Regulations”) for the lists of designated individuals and entities. Regulated dealers should subscribe to the MAS mailing list to receive updated lists of designated individuals and entities.

<https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>

Further CDD measures to be taken for legal persons

- 6.3.3 If the regulated dealer is transacting with customers who are acting on behalf of an entity or legal arrangement (known as a legal person), the regulated dealer must identify and verify the identity of the legal person, and through the process, understand the nature of business and control structure of the legal person, by obtaining the following information:
- a. The name of the legal person;
 - b. The legal form of the legal person;
 - c. Proof of the legal person's existence;
 - d. The place under which the legal person is incorporated, registered or otherwise constituted;
 - e. Constitution and powers that regulate and bind the legal person;
 - f. Its unique entity number, if the legal person is incorporated or registered in Singapore;
 - g. Its foreign incorporation or registration number, if the legal person is incorporated or registered outside Singapore;
 - h. The identity of each individual having a senior management position in the legal person, if the legal person is an entity; and
 - i. The address of the legal person's registered office and its principal place of business.

CDD measures to identify the beneficial owners of legal persons

- 6.3.4 Where the legal person is an entity (e.g. a business), the regulated dealer must identify the BO. The regulated dealer must take reasonable measures to verify and obtain the identifying information of each BO listed below:
- a. the individuals who have the ultimate controlling ownership interest of the legal entity;
 - b. the individuals who exercise control of the legal entity when:
 - i. the regulated dealer is doubtful whether all or any of the individuals listed in paragraph 6.3.4(a) are its BOs; or
 - ii. there are no individuals exercising control of the legal entity.

- c. the individuals occupying senior management positions in the legal entity, if there are no individuals identified under paragraph 6.3.4(b)(i) and 6.3.4(b)(ii).
- 6.3.5 Where the legal person is a legal arrangement and is a trust, the regulated dealer must identify the BO. The regulated dealer must take reasonable measures to verify and obtain the identifying information of each BO listed below:
 - a. the settlor;
 - b. the trustee(s);
 - c. the protector (if any);
 - d. each beneficiary or class of beneficiaries; and
 - e. any other individuals exercising ultimate effective control over the trust.
- 6.3.6 Where the legal person is a legal arrangement and is not a trust, the regulated dealer must identify the BO. The regulated dealer must take reasonable measures to identify the individuals in equivalent or similar positions mentioned in paragraph 6.3.5.
- 6.3.7 A regulated dealer is not required to identify the BO of the legal person if the legal person is:
 - a. an entity listed on the Singapore Exchange;
 - b. a financial institution supervised by the MAS¹¹ for prevention of money laundering and the financing of terrorism; or
 - c. a foreign financial institution supervised for compliance with AML/CFT requirements consistent with the standards set by the FATF.
- 6.3.8 If a regulated dealer determines that it is dealing with an exempted entity in paragraph 6.3.7, it must keep records to justify the basis for its determination.
- 6.3.9 Regulated dealers can refer to **Annex E** for a sample CDD form which provides guidance on the collection of customer's particulars and customer name screening.
- 6.4 Inability to Perform or Complete CDD Measures
 - 6.4.1 The regulated dealer may choose not to perform or not to complete the required CDD measures if it has reason to:
 - a. suspect that the designated transaction relates to ML/TF; and

¹¹ The financial institution must be listed within Appendix 1 of MAS Notice 626.

- b. believe that performing CDD will tip off the customer or any other person.
- 6.4.2 If the regulated dealer is unable to perform or complete any CDD, the regulated dealer must:
- a. not carry out any transaction with the customer;
 - b. terminate any transaction entered into with the customer; and
 - c. consider whether to submit a Suspicious Transaction Report (STR) under section 39(1) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (“CDSA”), and section 8 or 10 of the TSOFA. The STR is submitted via the STRO Online Notices And Reporting platform ([SONAR](http://www.police.gov.sg/sonar)) accessed via <http://www.police.gov.sg/sonar>.
 - d. keep records of the following information for a period of 5 years after the date on which the intended transaction took place:
 - i. Date of intended transaction;
 - ii. The amount of the intended transaction;
 - iii. Description of the PSPMs intended to be sold or purchased under the transaction;
 - iv. The address where the intended transaction was entered into or attempted to enter into;
 - v. Basis of the regulated dealer’s determination on whether to submit a STR;
 - vi. A copy of all supporting documents; and
 - vii. The name and designation of the individual who carried out the intended transaction on behalf of the regulated dealer.

7 Enhanced Customer Due Diligence (“ECDD”)

ECDD refers to the process where a higher level of customer due diligence is applied to due to higher ML/TF risk.

7.1 When to Perform ECDD

7.1.1 Regulated dealers are required to perform ECDD in the following circumstances:

- a. In any transaction, where the customer, or person on whose behalf the customer is acting, is:
 - i. a politically-exposed person (PEP), a family members or a close associate of a PEP (refer to definition of terms in paragraph 2.1); or
 - ii. as notified by the Registrar, from or in any country or jurisdiction in relation to which the FATF has called for countermeasures or ECDD measures, or is a country or jurisdiction identified to have inadequate measures to prevent ML/TF;
- b. Any person whom the regulated dealer has reason to believe may present a high ML/TF risk.

7.1.2 Pursuant to regulation 7(2)(a)(ii) of the PMLTF Regulations, the list of countries or jurisdictions which the FATF has called for countermeasures or ECDD measures against may be found at www.fatf-gafi.org/countries/#high-risk.

7.1.3 While the Registrar may from time to time circulate names of countries and jurisdictions with inadequate AML/CFT regimes (which can then be used as a reference guide), regulated dealers are also encouraged to refer, where practicable, to other sources of information to identify countries and jurisdictions that are considered to have inadequate AML/CFT regimes.

7.2 Requirements of ECDD

7.2.1 In addition to the CDD requirements in paragraph 6, regulated dealers must perform the following enhanced customer due diligence measures:

- a. Obtain prior approval from an employee holding a senior managerial or executive position in the regulated dealer before entering a transaction with a new higher-risk customer, or before continuing a transaction with an existing higher-risk customer;
- b. Establish by reasonable means, the income level, source of wealth and source of funds of the higher-risk customer. Where the customer is a legal person

(refer to paragraph 6.3.3), establish the income level, source of wealth and source of funds of the BO or owners of the customer.

- c. Conduct enhanced ongoing monitoring of the transactions entered into with the higher-risk customers. This is to identify suspicious transactions, including transactions or patterns of transactions which are inconsistent with the customer's profile.

7.2.2 In addition, regulated dealers may adopt further enhanced measures if they determine that such measures are more proportionate to the ML/TF risks faced. Such measures include but are not limited to:¹²

- a. Obtaining additional information on the customer (e.g. occupation, volume of assets, information available through public databases, internet etc.) and more frequently updating the identification data of customer and BO; and
- b. Obtaining information on the reasons for intended or performed transactions.

7.3 How to Perform ECDD

7.3.1 A regulated dealer must develop and implement appropriate IPPCs to determine whether customers mentioned in paragraph 7.1.1 exist. For example, the regulated dealer could consider increasing the frequency of their checks on existing customers and ongoing transactions.

7.3.2 Regulated dealers can:

- a. use the internet and media as sources for determining, verifying and monitoring information;
- b. access commercial screening databases to help identify the customer and to check against adverse news sources;
- c. refer to the FATF guidance paper on dealing with PEPs. (<http://www.fatf-gafi.org/documents/documents/peps-r12-r22.html>)

¹² More examples may be found in paragraph 20 of Interpretative Note 20 to the FATF Recommendations.

8 Simplified Customer Due Diligence (“SCDD”)

SCDD refers to the process where a lower level of customer due diligence is applied due to lower ML/TF risk. The steps involve performing adequate measures to identify and verify the customers.

8.1 When to Perform SCDD

8.1.1 SCDD is intended to cover a specific segment of customers who present a low ML/TF risk. Regulated dealers may, instead of performing the standard CDD in paragraph 6, perform SCDD on a specific segment of low-risk customers if all of the following conditions are met:

- a. The regulated dealer has obtained the prior written approval of the Registrar to perform SCDD;
- b. The regulated dealer complies with any conditions imposed by the Registrar in the written approval;
- c. The regulated dealer has assessed the risk of ML/TF to be low, based on an analysis of risk factors identified by the regulated dealer;
- d. The SCDD measures are appropriate and proportionate to the level of ML/TF risk identified by the regulated dealer; and
- e. Regulated dealers are not allowed to perform SCDD measures on customers where ECDD measures are required instead (refer to para 7.1.1).

8.2 Requirements of SCDD

8.2.1 As part of the SCDD process, regulated dealers must implement measures which the regulated dealer considers adequate to effectively identify and verify the identity of the following:

- a. Customer;
- b. Owner of the cash or cash equivalent;
- c. Owner of the PSPM;
- d. BO of a legal person; or
- e. Any person on whose behalf the customer is acting.

8.3 How to Perform SCDD

8.3.1 Where a regulated dealer decides to carry out SCDD measures, the regulated dealer must record:

- a. the details of the risk assessment that formed the basis for the decision; and
- b. the SCDD measures carried out.

9 Customer Due Diligence on Existing Customers

9.1 Responsibilities of the Regulated Dealer

9.1.1 When dealing with existing customers, regulated dealers are allowed to use previously obtained information when performing CDD, ECDD or SCDD on the same customer. This is however, subject to the regulated dealer's assessment of the materiality of the risk¹³.

9.1.2 Where a regulated dealer decides to use previously obtained information on existing customers, the following should be taken into account:

- a. when the CDD measures (if any) were last applied to that customer; and
- b. whether the information previously obtained by the regulated dealer in relation to that customer is adequate.

¹³ Materiality of the risk also means the relevance of the risk.

10 Performance of Customer Due Diligence Measures by Third Parties

10.1 Responsibilities of the Regulated Dealer

10.1.1 Where the regulated dealer relies on a third party:

- a. The regulated dealer remains ultimately responsible for compliance with the obligations to perform CDD measures and keep records under the PSPM Act.
- b. The regulated dealer must document the basis for its own opinion in paragraph 10.2.2(a) and obtain from the third party without delay all documents acquired by the third party from performing the CDD measures.

10.2 When Can Third Parties Be Relied On

10.2.1 Regulated dealers are not allowed to rely on a third party to conduct ongoing monitoring of transactions.

10.2.2 However, a regulated dealer may rely on a third party to perform CDD, ECDD or SCDD measures provided that:

- a. the regulated dealer must be satisfied that the third party's compliance to the prevention of ML/TF is consistent with the FATF requirements¹⁴, has adequate measures in place, is willing and able to provide the regulated dealer, without delay, with documents obtained from the CDD measures;
- b. the third party is not precluded¹⁵ by the Registrar from acting as such;
- c. the regulated dealer takes appropriate steps to identify, assess and understand the ML/TF risks in the countries that the third party operates in (if applicable).

¹⁴ The third-party must meet requirements which are consistent with the prevention of ML/TF standards set by FATF.

¹⁵ Not precluded also means not excluded.

11 Ongoing Monitoring of Transactions

11.1 Responsibilities of the Regulated Dealer

11.1.1 Regulated dealers must conduct ongoing monitoring of transactions by periodically reviewing the information and documents obtained as a results of the CDD measures. This is to ensure that transactions performed by its customers are consistent with the:

- a. regulated dealer's knowledge of the customer;
- b. customer's income and risk profile; and
- c. customer's source(s) of funds.

11.1.2 Regulated dealers must periodically review the adequacy of information and documents obtained as a result of the CDD measures. This is particularly so if the customer is assessed to have higher ML/TF risk and hence, the importance to ensure that the information is kept current. For example, the regulated dealer could regularly review the CDD records of higher-risk customers who transact large amount of cash on a more frequent basis.

12 Disclosure of Information

12.1 Submitting a Cash Transaction Report

12.1.1 A regulated dealer which enters into any designated transaction must submit a cash transaction report (CTR) to STRO within 15 business days¹⁶. The CTR (completed using Form NP 784 found at www.police.gov.sg) should be submitted electronically via [SONAR](#). Regulated dealers may refer to the instructions on the [SONAR](#) website on how to file a CTR.

12.1.2 The regulated dealer is required to keep a copy of the CTR for a period of 5 years after the date of submission.

12.2 Submitting a Suspicious Transaction Report

12.2.1 If there are suspicions that ML/ TF activities are committed, the regulated dealer is required to submit a STR to STRO. The STR should be filed electronically via [SONAR](#). Regulated dealers may refer to the instructions on the [SONAR](#) website on how to file a STR.

12.3 Regulatory Reporting

12.3.1 The regulated dealer is required to submit a copy of the CTR and/or STR to the Registrar. To facilitate compliance with this requirement, a copy of each CTR and/or STR submitted through [SONAR](#) will be automatically routed to the Registrar. No separate action will be needed from the regulated dealer.

12.4 Tipping-off and Confidentiality

12.4.1 Regulated dealers are reminded that it is an offence¹⁷ to disclose the fact that a STR was filed.

12.4.2 Under section 40A of the CDSA, the regulated dealer's disclosure will be kept confidential to protect the identity of the STR informer. Under section 10A of the TSOFA, the regulated dealer's disclosure would be kept confidential to protect the identity of the informer.

12.4.3 While the Registrar is unable to provide legal advice for specific situations, there is statutory protection accorded to STR filers if they made the STR in good faith. Under section 39(6) of the CDSA, where a person files a STR in good faith, he shall not be liable¹⁸ for any loss arising out of the disclosure or any act of omission in

¹⁶ Business day means a day other than a Saturday, Sunday or public holiday.

¹⁷ Please note section 48 of the CDSA and section 10B of the TSOFA on tipping-off.

¹⁸ Shall not be liable also means shall not be legally responsible.

consequence of the disclosure and “the disclosure shall not be treated as a breach of any restriction upon the disclosure imposed by law, contract or rules of professional conduct”.

13 Record Keeping

13.1 Requirements of Record Keeping

13.1.1 A regulated dealer is required to keep relevant documents and information for a period of 5 years after the date of transaction. All records must be kept in such a manner as to permit a reconstruction of the individual transaction¹⁹.

13.1.2 For every designated transaction or other transaction (whether completed or not), the regulated dealer is required to keep records of the following information:

For all customers

- a. Customer's identifying information;
- b. A copy of the supporting document that was relied upon for the customer's identifying information (e.g. NRIC, passport);
- c. Whether the customer is the owner of the cash or cash equivalent received from the customer, or owner of the PSPM purchased or redeemed from the customer;
- d. Identifying information of the person the customer is acting on behalf of, if the customer is not the owner mentioned in para 13.1.2(c);
- e. Date of transaction or intended transaction;
- f. Amount of transaction or intended transaction;
- g. Description of the PSPMs sold, purchased or redeemed under the transaction or intended transaction;
- h. Address where the transaction was carried out, or would have been carried out;
- i. Name and designation of the individual who carried out (or would have carried out) the transaction on behalf of the regulated dealer; and
- j. The reason why the regulated dealer was unable to or chose not to complete any CDD measures;
- k. Supporting documents relied on in making a CTR;

¹⁹ The records should indicate the amount and type of currency involved.

- l. Where ECDD or SCDD was carried out, the name and designation of the person holding the senior managerial or executive position in the regulated dealer who approved the transaction with the customer.
- m. A copy of all CTRs.

For customers acting on behalf of a legal person

- n. the name of the legal person;
- o. the legal form of the legal person;
- p. proof of the legal person's existence (e.g. Certificate of Good Standing);
- q. the place under which the legal person is incorporated, registered or otherwise constituted;
- r. the instrument under which the legal person is constituted (e.g. Articles of Association);
- s. if the legal person is incorporated or registered in Singapore, its unique entity number (UEN No.);
- t. if the legal person is incorporated or registered outside Singapore, its foreign incorporation or registration number;
- u. if the legal person is an entity, the identity of each individual having a senior management position in the legal person;
- v. the address of the legal person's registered office and its principal place of business.
- w. if the legal person is an entity:
 - i. the identifying information of each individual who ultimately has a controlling ownership interest in the legal person;
 - ii. if it is doubtful whether all or any of the individuals who ultimately have a controlling interest in the legal person are its beneficial owners, or where no individual exerts control through ownership interests, the identifying information of each individual (if any) exercising control of the legal person through other means; or
 - iii. if no individual is identified under sub-paragraphs (i) and (ii), the identifying information of each individual having a senior management position in the legal person.
- x. if the legal person is a trust, the identities of:
 - i. the settlor;
 - ii. each trustee;
 - iii. the protector (if any);

- iv. each beneficiary or class of beneficiaries; and
 - v. any other individual exercising ultimate effective control over the trust;
- y. if the legal person is a legal arrangement that is not a trust, the identity of each person holding a position equivalent or similar to any position in paragraph (x).

13.2 Data Protection

- 13.2.1 All customer personal data collected in the course of CDD may only be used to address ML/TF risks in accordance with the requirements of the PSPM Act. The data collected should not be used for unrelated purposes.
- 13.2.2 Regulated dealers, like other entities, remain subject to the requirements under the Personal Data Protection Act (PDPA) (refer to the [Personal Data Protection Commission \(PDPC\) website](http://www.pdpc.gov.sg) for more information, accessed via <http://www.pdpc.gov.sg>).

14 Additional Measures Relating to Targeted Financial Sanctions

- 14.1 Regulated dealers are required to take additional measures relating to targeted financial sanctions. This means that before entering into a transaction, regulated dealers are required to assess whether the customer, or any person on whose behalf the customer is acting, is:
- a. a terrorist or terrorist entity under the TSOFA (Cap. 325); or
 - b. a designated person as defined in any regulations made under the United Nations Act ("UN Act") (Cap. 339).
- 14.2 If they are found in the sanction lists (refer to paragraph 6.3.2), regulated dealers should ensure that they do not deal with them. If the regulated dealer has reason to suspect that the customer may be a terrorist, terrorist entity or designated person, the regulated dealer must:
- a. decline to enter into any transaction with the customer;
 - b. terminate any transaction entered into with the customer; and
 - c. make a report to the police.

List of Acronyms

ACD	Anti-Money Laundering/Countering the Financing of Terrorism Division
ACRA	Accounting and Corporate Regulatory Authority
AML/CFT	Anti-money laundering/countering the financing of terrorism
BO	Beneficial owner
CDD	Customer due diligence
CDSA	Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act
CTR	Cash transaction report
DPRK	Democratic People's Republic of Korea
ECDD	Enhanced customer due diligence
FATF	Financial Action Task Force
IMC-TD	Inter-Ministry Committee on Terrorist Designation
IPPC	Internal policies, procedures and controls
MAS	Monetary Authority of Singapore
MHA	Ministry of Home Affairs
ML	Money laundering
NRIC	National Registration Identity Card
PDPA	Personal Data Protection Act
PDPC	Personal Data Protection Commission
PEP	Politically-exposed person
PMLTF Regulations	Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Regulations
PSMD	Precious stones and precious metals dealers
PSPM Act	Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act 2019
PSPM	Precious stones, precious metals, precious products and/or asset-backed tokens
SCDD	Simplified customer due diligence
SONAR	STRO Online Notices And Reporting platform
STR	Suspicious transaction report
STRO	Suspicious Transaction Reporting Office
TF	Terrorism financing
TSOFA	Terrorism (Suppression of Financing) Act
UN Act	United Nations Act
UN Regulations	United Nations Regulations

Example of Entity-Based Requirements

Step 1: Do your risk assessment

- i. State the following:
 - Background of your customers
 - Countries that your customers are from
 - Products, services, transactions and delivery channels
- ii. Conduct a risk assessment of the above, e.g. low, medium or high risk
- iii. Come up with measure to address the risks

Step 2: Develop your internal policies, procedures and controls (IPPC)

- i. IPPCs should include the following:
 - Assessment of risks faced by your business
 - Appointment of compliance officer and his/her responsibilities
 - Checks to conduct when hiring employees
 - Procedure to conduct customer due diligence (CDD)
 - Procedure to complete a cash transaction report (CTR)
 - Procedure to conduct enhanced customer due diligence (ECDD)
 - Procedure to complete a suspicious transaction report (STR)
 - Staff training on AML/CFT
 - Record keeping
 - Audit of IPPC (if applicable)

Example of Transaction-Based Requirements

Step 1a: When to conduct CDD?

- i. For designated transactions that exceed S\$20,000 in cash or cash equivalent; or
- ii. Suspicion of money laundering; or
- iii. Doubts about previously obtained CDD information

Step 1b: How to conduct CDD?

- i. Obtain, record and verify customer's particulars
- ii. Obtain, record and verify beneficial owner's particulars (if any)
- iii. Check customer against listings for terrorist designation and designated individuals and entities
- iv. Check if customer is a politically exposed person (PEP)

Step 2a: When to conduct ECDD?

- i. The customer is defined as a PEP;
- ii. There is a match against the FATF list of high-risk countries; or
- iii. Customer fits the profile of a higher-risk customer based on your risk assessment

Step 2b: How to conduct ECDD?

- i. Establish customer's income level, source of wealth and funds
- ii. Obtain approval from senior management to proceed with the transaction
- iii. Perform enhanced on-going monitoring of the transactions
- iv. Any other enhanced measure(s) the dealer assesses to be proportionate to the ML/TF risk of the customer

To stop the transaction and consider filing a STR when:

You are unable to perform or complete any CDD; or when you have reason to suspect that the transaction or customer(s) involved may be connected with ML/TF

To stop the transaction and report to the police when:

You suspect that the customer is in the listings for terrorist designation and designated individuals and entities.

Annex B Sample Risk Assessment Form

Name of regulated dealer:	Date of risk assessment:
---------------------------	--------------------------

A. Background of customers in the previous year

Background	Number of transactions	% of total transactions ²⁰	Low risk	Medium risk	High risk	Measures to address risk ²¹
E.g. Foreign	E.g. 10	E.g. 10/50 X 100 (total no. of transactions) = 20%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
E.g. Local	E.g. 40	E.g. 80%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Etc.	Etc.	Etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

B. Background of foreign countries that customers are from

Country ²²	Number of transactions	% of total transactions	Low risk	Medium risk	High risk	Measures to address risk
E.g. Country X	E.g. 5	E.g. 5/50 X 100 = 10%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Etc.	Etc.	Etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

C. Risk level of business function/area/product

Business function/area/product	Low risk	Medium risk	High risk	Measures to address risk
E.g. One-on-one interaction between employee and customer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
E.g. Transaction(payment) processing e.g. processing of cash	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
E.g. Frequent turnover of staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

²⁰ Good to know the number and percentage of transactions so that the regulated dealer is aware of the spread of customer background.

²¹ The assessment of what represents low, medium and high is based on the regulated dealer's understanding of its own business process. The same risk may be low for one regulated dealer, but be high for another regulated dealer.

²² Regulated dealers should check against the FATF public lists of high-risk and other monitored jurisdictions at <http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/>

Annex C Sample IPPC Document

Note: Regulated Dealers need to develop and document a set of IPPC which must cover the requirements stated in the Guidelines. Regulated dealers may refer to this sample to customise IPPCs that are appropriate for their business.

Cover Page

Document title: Internal Policies, Procedures and Controls

Name of regulated dealer:

Version Control Record

Version	Release Date	Key Changes	Author	Approved by Senior Management
1.0	6 May 2019	First release	xx	xx

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1. Aim

1.1 Employees of <Name of regulated dealer> or the “regulated dealer” play an important role in protecting against money laundering and terrorism financing (ML/TF) risk. The following IPPC will equip you to do so, and ensure that the business is in compliance with the Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act 2019 (“PSPM Act”).

1.2 Reference should also be made with the PSPM Act and Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Regulations (“PMLTF Regulations”) as well as Guidelines from the Ministry of Law and relevant government agencies.

2 Assessment of risks

2.1 The regulated dealer shall conduct a risk assessment of its business to identify, assess and understand its ML/TF risks in relation to:

- a. the profile of its customers;
- b. the customers’ country of origin;
- c. the countries where the regulated dealer has operations; and

- d. the regulated dealer's products, services, transactions, delivery channels, etc.
- 2.2 The regulated dealer shall develop measures (internal rules, processes, etc.) to address the identified risks, and ensure that all employees follow and implement such measures.
- 2.3 The regulated dealer shall ensure that its risk assessments are up-to-date by regularly reviewing it every <X months>, before launching a new product or a new business practice or before using a new or developing technology for any new or existing product.
- 2.4 The assessment must be seen and/or evaluated and signed off by the highest ranking employee in the senior management of the regulated dealer or whosoever he/she designates in the senior management team.
- 2.5 <Additional item(s) to be decided by the regulated dealer>

3 Appointment of a Compliance Officer

- 3.1 The regulated dealer shall appoint a management level employee to be the Compliance Officer for all anti-money laundering/countering the financing of terrorism ("AML/CFT") efforts, including the design and execution of these IPPCs. In the case of a sole proprietorship, the sole proprietor is the designated Compliance Officer. The responsibilities of the Compliance Officer shall be as follow:
 - a. Trained/be familiar with the PSPM Act, PMLTF Regulations, relevant regulations and Guidelines issued by the Ministry of Law and relevant government agencies;
 - b. Ensure that the regulated dealer is in full compliance with the PSPM Act and its regulations;
 - c. Be responsible for day-to-day operation of the regulated dealer's AML/CFT measures;
 - d. Be the main point-of-contact with the Registrar of Regulated Dealers under the Ministry of Law and law enforcement authorities. The compliance officer shall ensure that he/she is reasonably contactable and should appoint a covering officer (in writing to the covering officer), where possible;
 - e. Ensure that remedial actions are taken in a timely and effective manner when there are instances of non-compliance;
 - f. Regularly conduct internal audits of all compliance procedures/processes related to AML/CFT of the regulated dealer (if applicable, refer to section 11); and
 - g. <Additional item(s) to be decided by the regulated dealer>

4 Conduct employee checks when hiring employees (Not applicable to sole proprietorships)

- 4.1 The regulated dealer shall check each employee before hiring, against the following information sources:
 - a. Ministry of Home Affairs Inter Ministry Committee-Terrorist Designation (IMC-TD) webpage for listings on terrorist designation (persons designated as terrorists) : [https://www.mha.gov.sg/inter-ministry-committee-terrorist-designation-\(imc-td\);](https://www.mha.gov.sg/inter-ministry-committee-terrorist-designation-(imc-td);)

- b. Monetary Authority of Singapore webpage for sanction listings on designated individuals: <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>;
- c. Public sources like the internet, or against commercial databases, to check if a prospective employee has any adverse/negative news which may pose an ML/TF risk to the dealer, e.g. history of dishonest behaviour;
- d. Declaration made by potential employee that such a person:
 - i. was not convicted of any offence involving fraud or dishonesty; and
 - ii. is not an undischarged bankrupt.
- e. **<Additional item(s) to be decided by the regulated dealer>**

5 Procedure to conduct Customer Due Diligence (CDD)

5.1 Employees of the regulated dealer shall follow the following procedure when conducting CDD:

- a. The employee shall complete the CDD form as shown in **Annex E**.
- b. The employee shall update the supervisor (if any) and/or managerial-level employee (if any) and/or compliance officer if there are any matches to the:
 - i. Ministry of Home Affairs: Inter-Ministry Committee-Terrorist Designation (IMC-TD) website ([https://www.mha.gov.sg/inter-ministry-committee-terrorist-designation-\(imc-td\)](https://www.mha.gov.sg/inter-ministry-committee-terrorist-designation-(imc-td)));
 - ii. UN sanction List from the Monetary Authority of Singapore website (<https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>); and
 - iii. Financial Action Task Force (FATF) list of high-risk countries (www.fatf-gafi.org/countries/#high-risk).
- c. The employee shall update the supervisor (if any) and managerial-level employee (if any) if the customer is defined as a Politically Exposed Person (PEP).
- d. In the case of para 5.1(b)(i) and 5.1(b)(ii), the regulated dealer shall stop the transaction and lodge a Suspicious Transaction Report (STR) within 15 business days.
- e. In the case of para 5.1(b)(iii) and 5.1(c), the regulated dealer shall continue with enhanced customer due diligence (ECDD) (refer to section 7).
- f. In the case that CDD cannot be completed, the regulated dealer shall stop the transaction and lodge a police report.
- g. **<Additional item(s) to be decided by the regulated dealer>**

6 Procedure to complete a Cash Transaction Report (CTR)

6.1 The following procedure shall apply for the regulated dealer and employees when completing a CTR:

- a. The regulated dealer shall designate an employee e.g. Compliance Officer or employee/s to complete a CTR.
- b. The employee who is communicating with the customer and/or conducting CDD shall inform the supervisor on the necessity to lodge a CTR.
- c. The designated employee tasked with completing the CTR shall submit Form NP 759 at the Suspicious Transaction Reporting Office ("STRO") Online Notices And Reporting Platform ("[SONAR](http://www.police.gov.sg/sonar)") at <http://www.police.gov.sg/sonar> within 15 business days.
- d. The designated employee shall check all the inputted information to ensure accuracy.
- e. **<Additional item(s) to be decided by the regulated dealer>**

7 Procedure to conduct Enhanced Customer Due Diligence (ECDD)

7.1 Employees of the regulated dealer shall follow the following procedure when conducting ECDD:

- a. The employee shall complete the ECDD form as shown in **Annex F**.
- b. The employee shall update the supervisor (if any) and managerial-level employee (if any) if ECDD cannot be completed.
- c. **<Additional item(s) to be decided by the regulated dealer>**

7.2 The regulated dealer shall assign an employee to conduct enhanced and regular (the time-frame to be decided by the regulated dealer) checks of higher-risk customers.

7.3 **<Additional item(s) to be decided by the regulated dealer>**

8 Procedure to complete a Suspicious Transaction Report (STR)

8.1 The following procedure shall apply for the regulated dealer and employees when completing a STR:

- a. The regulated dealer shall designate an employee e.g. Compliance Officer or employees tasked to complete a STR;
- b. The employee who is communicating with the customer and/or conducting CDD or ECDD shall inform the supervisor on the necessity to complete a STR (a discussion may be necessary);
- c. The designated employee tasked with completing a STR shall submit via the [SONAR](http://www.police.gov.sg/sonar) within 15 business days; and
- d. The designated employee shall check all the inputted information to ensure accuracy and/or get clearance from the compliance officer.

- e. <Additional item(s) to be decided by the regulated dealer>

9 Staff training on AML/CFT

- 9.1 The regulated dealer shall ensure that its employees attend on-going training on AML/CFT matters. The training can be conducted internally or through the engagement of external training providers.
- 9.2 The regulated dealer shall record the names of the employees who had undergone training and the courses attended (with date/s of courses attended).
- 9.3 <Additional item(s) to be decided by the regulated dealer>

10 Record keeping

- 10.1 The Regulated Dealer shall keep copies of documents with the following information for a period of 5 years:

For all customers

- a. Customer's identifying information;
- b. A copy of the supporting document that was relied upon for the customer's identifying information (e.g. NRIC, passport);
- c. Whether the customer is the owner of the cash or cash equivalent received from the customer, or owner of the PSPM purchased or redeemed from the customer;
- d. Identifying information of the person the customer is acting on behalf of, if the customer is not the owner mentioned in para 10.1(c);
- e. Proof that the customer is authorised to act on behalf of that other person, if the customer is not the owner mentioned in paragraph 10.1(c);
- f. Date of transaction or intended transaction;
- g. Amount of transaction or intended transaction;
- h. Description of the PSPMs sold, purchased or redeemed under the transaction or intended transaction;
- i. Address where the transaction was carried out, or would have been carried out;
- j. Name and designation of the individual who carried out (or would have carried out) the transaction on behalf of the regulated dealer; and
- k. The reason why the regulated dealer was unable to or chose not to complete any CDD measures;
- l. Supporting documents relied on in making a CTR;

- m. Where ECDD or SCDD was carried out, the name and designation of the person holding the senior managerial or executive position in the regulated dealer who approved the transaction with the customer.
- n. A copy of all CTRs.

For customers acting on behalf of a legal person

- o. the name of the legal person;
- p. the legal form of the legal person;
- q. proof of the legal person's existence (e.g. Certificate of Good Standing);
- r. the place under which the legal person is incorporated, registered or otherwise constituted;
- s. the instrument under which the legal person is constituted (e.g. Articles of Association);
- t. if the legal person is incorporated or registered in Singapore, its unique entity number (UEN No.);
- u. if the legal person is incorporated or registered outside Singapore, its foreign incorporation or registration number;
- v. if the legal person is an entity, the identity of each individual having a senior management position in the legal person;
- w. the address of the legal person's registered office and its principal place of business.
- x. if the legal person is an entity:
 - i. the identifying information of each individual who ultimately has a controlling ownership interest in the legal person;
 - ii. if it is doubtful whether all or any of the individuals who ultimately have a controlling interest in the legal person are its beneficial owners, or where no individual exerts control through ownership interests, the identifying information of each individual (if any) exercising control of the legal person through other means; or
 - iii. if no individual is identified under sub-paragraphs (i) and (ii), the identifying information of each individual having a senior management position in the legal person.
- y. if the legal person is a trust, the identities of:
 - i. the settlor;
 - ii. each trustee;
 - iii. the protector (if any);
 - iv. each beneficiary or class of beneficiaries; and
 - v. any other individual exercising ultimate effective control over the trust;
- z. if the legal person is a legal arrangement that is not a trust, the identity of each person holding a position equivalent or similar to any position in paragraph (y).

- 10.2 <Additional item(s) to be decided by the regulated dealer>
- 11 Audit of IPPC** (*Applicable to regulated dealers who conduct designated transactions*)
- 11.1 The regulated dealer shall conduct an independent audit of its IPPC to assess the effectiveness of measures taken to prevent ML/TF. This include the following:
- a. Determine the adequacy and relevance of the IPPC;
 - b. Assess employees' compliance with IPPC; and
 - c. Assess whether instances of non-compliance are reported to senior management on a timely basis.
- 11.2 The regulated dealer shall state that the frequency of such audits is every X month.
- 11.3 The auditing unit must be adequately independent of the business arm.
- 11.4 <Additional item(s) to be decided by the regulated dealer>
- 12 Additional procedures (deemed necessary by the regulated dealer)**
- 12.1 XXX

Annex D Red Flag Indicators for Regulated Dealers

The list is not exhaustive and may be updated due to changing circumstances and new methods of laundering money or financing terrorism. Regulated dealers are to refer to STRO's website for the latest list of red flags.

Red Flag Indicators: Customers

Transaction Patterns

- i) Transactions that are not consistent with the usual profile of a customer:
 - (a) Transactions that appear to be beyond the means of the customer based on his/her stated or known occupation or income; or
 - (b) Transactions that appear to be more than the usual amount for a typical customer of your business.
- ii) Unusual payment methods, such as large amounts of cash, traveller's cheques, or cashier's cheques.
- iii) Large or frequent transactions that are in a foreign currency.
- iv) Numerous transactions by a customer, especially over a short period of time, such that the amount of each transaction is not substantial (e.g. below the regulatory threshold for customer due diligence), but the cumulative total of which is substantial.
- v) Use of third parties in transactions related to precious metals and precious stones, for example:
 - (a) Payments received from a third party, who is not the owner of the funds, without legitimate business purpose; or
 - (b) Precious stones/metals product delivered to a third party, who is not the owner or payer of funds, without legitimate business purpose.

Note: Payments may be in the form of third party cheques or a third party credit card.

Customer Behaviour

- i) The customer enquires about refund policies and requests for large refunds subsequently.
- ii) The customer does not consider the value, size and/or colour of the precious stone, precious metal or precious product.
- iii) The customer is suspected to be using forged, fraudulent or false identity documents for due diligence and record keeping purposes.
- iv) The customer is unusually concerned with the Regulated Dealer's AML/CFT policies.
- v) The customer pays for precious metals, precious stones or precious products with cheques, but noted on the cheque that the payment is for something else.

- vi) The customer attempts to maintain a high degree of secrecy with respect to the transaction, for example –
 - (a) To request that normal business records not to be kept; or
 - (b) The customer is unable or unwilling to provide information for due diligence and record keeping purposes.
- vii) The customer or the declared owner of the funds is traced to negative news or crime e.g. he is named in a news report on a crime committed, or detected when screened against UN Security Council Resolutions (UNSCRs).
- viii) The customer appears to be related to a country or entity that is associated with money laundering or terrorism activities or a person that has been designated as terrorists.
- ix) The customer appears to be in a hurry to complete the transaction.

Red Flag Indicators: Suppliers

Transaction Patterns

- i) Transactions that are not consistent with the usual profile of a supplier:
 - (a) Over or under-invoicing, structured, complex, or multiple invoice requests, and high-dollar shipments that are over or underinsured; or
 - (b) Transactions which are excessive, given the amount or quality, or potential profit from the sale of precious metals and stones; or
 - (c) Consignment size or type of precious stone, precious metals or precious product being shipped appears inconsistent with the capacity of the exporter or importer, i.e. the shipment does not make economic sense.
- ii) Use of third parties in transactions related to precious metals and precious stones, for example:
 - (a) Funds paid to a third party who is not related to the supplier, without legitimate business purpose; or
 - (b) Precious stones, precious metals or precious products delivered from a third party who is not related to the supplier, without legitimate business purpose.

Supplier Behaviour

- i) The supplier is unable to provide information for due diligence and record keeping purposes.
- ii) The supplier is suspected to be using forged, fraudulent or false identity documents for due diligence and record keeping purposes.
- iii) The origins of the precious stone, precious metal or precious product appear to be fictitious.

- iv) The supplier is unusually concerned with the Regulated Dealer's AML/CFT policies.
- v) The supplier attempts to maintain a high degree of secrecy with respect to the transaction, for example –
 - (a) Request that normal business records not to be kept; or
 - (b) Unwillingness to identify Beneficial Owners or controlling interests, where this would be commercially expected; or
 - (c) Request for payments to be made through money services businesses or other non-bank financial institutions for no apparent legitimate business purposes.
- vi) (For diamonds only) Rough diamonds are not accompanied by a valid Kimberley Process (KP) certificate. For example:
 - (a) No KP certificate attached to the shipment of rough diamonds; or
 - (b) The KP certificate is or appears to be forged; or
 - (c) The KP certificate has a long validity period.
- vii) The supplier is traced to negative news or crime e.g. he is named in a news report on a crime committed, or detected when screened against UN Security Council Resolutions (UNSCRs).
- viii) The supplier appears to be related to a country or entity that is associated with money laundering or terrorism activities or a person that has been designated as terrorists.
- ix) The supplier transports precious stones or metals through a country that is associated with money laundering or terrorism activities for no apparent economic reason.
- x) The supplier appears to be in a hurry to complete the transaction.

Annex E Sample CDD Form

Customer Due Diligence (CDD)	
FORM A – Customer’s Particulars	
Name of regulated dealer:	Date:
Name of employee:	Signature of employee:

A1. Customer’s Particulars (For Individuals)		
1.	Transaction number:	
2.	Date/Time of transaction:	
3.	Transaction value:	
4.	Description of PSPM:	
5.	Full name (including any alias):	
6.	Date of birth:	
7.	Residential address:	
8.	Contact No:	
9.	Nationality:	
10.	Type of identification document:	<input type="checkbox"/> NRIC <input type="checkbox"/> Passport <input type="checkbox"/> Others:
11.	Identification number:	
12.	Date of identification expiry (if applicable):	
13.	Occupation:	
14.	Name of the beneficial owner:	
15.	Is the customer authorised to act on behalf of the BO?	
16.	Other information obtained on the beneficial owner ((similar to above i.e. (5) to (13)):	
A2. Customer’s Particulars (For Entities)		
1.	Transaction number:	
2.	Date/Time of transaction:	
3.	Transaction value:	
4.	Description of PSPM:	
5.	Full name of entity:	
6.	Date of incorporation or registration:	
7.	Country of incorporation or registration:	
8.	UEN/Incorporation no./Registration no.:	
9.	Date of identification expiry (if applicable):	
10.	Main business activity:	
11.	Type of legal entity:	<input type="checkbox"/> Sole proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Limited partnership <input type="checkbox"/> Limited liability partnership <input type="checkbox"/> Company <input type="checkbox"/> Corporation <input type="checkbox"/> Others:
12.	Proof of legal entity’s existence e.g. certificate of good standing from ACRA:	

13.	Instrument under which entity is constituted e.g. articles of association or memorandum of association:	
14.	Registered office address:	
15.	Principal address of business (if different from registered office address):	
16.	Telephone number:	
17.	Email address:	
18.	Nature of business of the legal entity:	
19.	Name & identification information of senior management of the legal entity:	
20.	Name of beneficial owner:	
21.	Other information obtained on the beneficial owner ((similar to above i.e. (5) to (18)):	
A3. Customer's Particulars (For Legal Arrangements)		
1.	Transaction number:	
2.	Date/Time of transaction:	
3.	Transaction value:	
4.	Description of PSPM:	
5.	Full name of legal arrangement:	
6.	Type of legal arrangement:	<input type="checkbox"/> Trust <input type="checkbox"/> Not a trust
7.	Country in which the legal arrangement is constituted:	
8.	Proof of the legal arrangement's existence:	
9.	Instrument under which the legal arrangement is constituted e.g. deed of trust:	
10.	Full name of settlor:	
11.	Type of identification document:	<input type="checkbox"/> NRIC <input type="checkbox"/> Passport <input type="checkbox"/> Others:
12.	Identification number:	
13.	Date of identification expiry (if applicable):	
14.	Full name of trustee(s):	
15.	Type of identification document:	<input type="checkbox"/> NRIC <input type="checkbox"/> Passport <input type="checkbox"/> Others:
16.	Identification number:	
17.	Date of identification expiry (if applicable):	
18.	Full name/class of beneficiaries:	
19.	Any other person exercising ultimate ownership/control over the legal arrangement:	
20.	Nature of business of the legal arrangement	

Customer Due Diligence (CDD)

FORM B – Check customer's name against lists on:

- Terrorist designation
- Sanctions lists on designated individuals and entities
- FATF public list of high-risk and other monitored jurisdictions

***Note:** This form should not be shown to the customer.

Name of regulated dealer:	Date:
Name of employee:	Signature of employee:

B1. Check Against Lists on Terrorist Designation and Designated Individuals and Entities		
1.	Ministry of Home Affairs ("MHA")'s website on the Inter-Ministry Committee on Terrorist Designation ("IMC-TD") on terrorist designation (persons and entities designated as terrorists): https://www.mha.gov.sg/inter-ministry-committee-terrorist-designation-(imc-td)	Any match? <input type="checkbox"/> Yes/ <input type="checkbox"/> No *Important: If yes, to stop transaction and lodge a police report.
2.	Monetary Authority of Singapore ("MAS")'s website on targeted financial sanctions under the United Nations Regulations ("UN Regulations") for the lists of designated individuals and entities: https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities	Any match? <input type="checkbox"/> Yes/ <input type="checkbox"/> No *Important: If yes, to stop transaction and lodge a police report.
B2. Politically Exposed Person (PEP)		
1.	Is the customer a Politically Exposed Person (PEP)?	<input type="checkbox"/> Yes/ <input type="checkbox"/> No *Important: If yes; to proceed with ECDD.
B3. Check against FATF Public List of High-Risk and Other Monitored Jurisdictions		
1.	FATF public list on high-risk and other monitored jurisdictions: www.fatf-gafi.org/countries/#high-risk	Any match? <input type="checkbox"/> Yes/ <input type="checkbox"/> No *Important: If yes, to proceed with ECDD.
B4. Higher-Risk Customer Based on Risk Assessment Conducted by Regulated Dealer		
1.	Does the customer fit the profile of a higher-risk customer based on their own risk assessment conducted by regulated dealer?	<input type="checkbox"/> Yes/ <input type="checkbox"/> No *Important: If yes; to proceed with ECDD.

Annex F Sample ECDD Form

Enhanced Customer Due Diligence (ECDD)	
<p>*Note: This form should <u>not</u> be shown to the customer.</p> <p>Where ECDD is conducted, to attach completed (1) CDD Form A, (2) CDD Form B and (3) ECDD Form, together with copies of all supporting documents.</p>	
Name of regulated dealer:	Date:
Name of employee:	Signature of employee:

A.	Income Level, Source of Wealth and Source of Funds	
1.	<p>Establish the following (by reasonable means e.g. internet scanning and careful enquiries with the customer):</p> <ul style="list-style-type: none"> a. income level; b. source of wealth (i.e. source of overall assets); and c. source of funds (i.e. source of the funds used to pay for the transaction) 	<p>Income level:</p> <p>Source of wealth:</p> <p>Source of funds:</p> <p>Source of information:</p> <p>*Important: To consider terminating the transaction if unable to establish source of income and lodge STR.</p>
B.	Prior Approval from an Employee of Senior Managerial/Executive Position	
1.	Obtain prior approval from an employee holding a senior managerial or executive position before establishing/continuing dealings with a higher-risk customer.	<p><input type="checkbox"/> Approve</p> <p><input type="checkbox"/> Not approve</p> <p>*Important: To terminate the transaction if approval is not given.</p> <p>Signature of employee of senior managerial/executive position:</p> <p>Name:</p> <p>Designation:</p> <p>Date:</p>
C.	Enhanced On-Going Monitoring (To be carried out at later date(s), determined by the regulated dealer)	
1.	Conduct enhanced ongoing monitoring on the transactions performed by that higher-risk customer i.e. consider regularly checking against all sections of CDD and ECDD.	<p>Date of recheck:</p> <p>Remarks:</p> <p>Signature:</p> <p>Name of employee:</p> <p>Designation:</p> <p>Date:</p>