

# Information and Guidance on Countering the Financing of Terrorism



# Terrorism (Suppression of Financing) Act ("TSOFA")

- As part of our efforts to counter terrorism and its financing, an Inter-Ministry Committee on Terrorist Designation ("**IMC-TD**") acts as Singapore's authority for the designation of terrorists.
- **Designation prohibits any person or entity from dealing with or providing any financial assistance to designated terrorists.**
- TSOFA prohibits any person or entity from dealing with any property owned or controlled by, or providing property or financial or other related services while knowing or having reasonable grounds to believe that they will be used by or may benefit, any terrorist or terrorist entity.
- Sections 3 to 6 of TSOFA expressly **prohibits**:
  - Providing or collecting of property for terrorist acts
  - Provision of property and services for terrorist purposes
  - Use or possession of property for terrorist purposes
  - Dealing with property of terrorists or terrorist entity



# TSOFA

- In accordance with Sections 8 and 10 of TSOFA, every person in Singapore and every citizen of Singapore outside of Singapore must inform the Police **immediately** if they have:
  - possession, custody, or control of terrorist property;
  - information about such transactions or proposed transactions related to terrorist property and/or any property, funds or other assets belonging to any terrorist or terrorist entity; and/or
  - information which they know (or believe) may be of material assistance to preventing the commission by another person, or for an offence involving, the commission, preparation or instigation of, a terrorism financing (“**TF**”) offence.
- The Police may require additional information or details as the Police may think fit, which must be provided.
- Part IV of TSOFA also empowers enforcement agencies to, amongst others, seize, freeze, and confiscate terrorist property.
- Read more: <https://www.mha.gov.sg/what-we-do/managing-security-threats/countering-the-financing-of-terrorism>



# Key Information to Note

- Dealings (whether direct or indirect) with any property owned or controlled by any terrorist or terrorist entity, or which an individual has reasonable grounds to believe will be used to commit any terrorist act are prohibited **with immediate effect** upon designation. The list of persons or entities who have been designated can be accessed via:
  - Domestic designations: [First Schedule of TSOFA](#)
  - Designations maintained by the UN Security Council Committee
    - [United Nations' ISIL \(Da'esh\) & Al Qaida Sanctions List](#)
    - [United Nations Taliban List](#)
- Screening processes (including ongoing batch screenings conducted between periodic Know Your Client (“**KYC**”) reviews) to detect such persons or entities (and their relevant parties) should be in place, including due diligence checks before entering into any business relationship or transaction with such persons or entities, and when there is a new designation.
- Any information about transactions or proposed transactions related to any property, funds, or other assets belonging to any terrorist or terrorist entity (including information that could prevent a terrorism financing offence or assist in apprehending, prosecuting or convicting someone for such an offence) should be disclosed to the Police **immediately**. No criminal or civil proceedings will be taken against a person for any disclosure made in good faith.



# Key Information to Note

- Any funds or assets related to these persons or entities should be frozen **immediately** (within 24 hours of designation). Further, you should not enter into transactions or provide services to these persons and entities, and should file a suspicious transaction report (“**STR**”).
- You should not inform individuals of assets frozen / STRs filed against them, or any other information or matter which will likely prejudice any proposed or ongoing investigation by the Police, as this would constitute tipping off the person, which is prohibited under Section 10B of TSOFA.
- You will be subject to periodic/risk-triggered inspections/interventions by MinLaw on your countering the financing of terrorism (“**CFT**”) controls and implementation of targeted financial sanctions (“**TFS**”) measures.



# Penalties for Non-Compliance

- Any individual who is guilty of an offence under Sections 3, 4, 5 or 6 of TSOFA may be liable, upon conviction, to a maximum fine of S\$500,000, and/or term of imprisonment for up to 10 years.
- An entity who is guilty of an offence under Sections 3, 4, 5 or 6 of TSOFA will be liable for a fine not exceeding S\$1 million or twice the value involved in the offence / the property (including funds derived or generated from the property) in respect of which the terrorism financing offence was committed.
- Furthermore, any person who, at the time of the commission of the offence, was (i) a director, manager, secretary or other similar officer or a partner of the entity; or (ii) was purporting to act in any such capacity; shall be guilty of that offence and shall also be liable to the corresponding penalties for individuals, unless s/he proves that the offence was committed without his/her consent or connivance, and that s/he had exercised all such due diligence to prevent the commission of the offence as s/he ought to have exercised.



# Penalties for Non-Compliance

- A person or entity who fails to inform the Police as required under Sections 8 or 10 of TSOFA, or who fails to have the required screening processes in place or to conduct such screenings, may also be liable for offences and penalties under TSOFA and/or further penalties under any other applicable legislation and rules, e.g., Precious Stones and Precious Metals (Prevention of Money Laundering, Terrorism Financing and Proliferation Financing) Act 2019.



# Terrorism Financing National Risk Assessment ("TF NRA")

- **Key TF threats:** Terrorist groups (e.g., ISIS, Al-Qaeda, JI, and potential spillovers from Middle East conflicts) and radicalised individuals.
- **TF vulnerabilities and risks:** Singapore is an international financial, business, and transport hub in a region with active terrorist group(s). Below are key risk areas which could be exploited by terrorism financiers to raise or move funds.
  - Money remittances or cross-border payment service providers (remain High risk), with cross-border online payments identified as a potential new channel for TF activities;
  - Banks (remain Medium-High risk), with new cross-border fast payment systems identified as a potential new channel for TF activities;
  - Digital Payment Token service providers (increase to Medium-High risk); as global typologies suggest a growing risk of virtual assets being exploited to facilitate TF activities;
  - Non-Profit Organisations (remain Medium-Low risk), with foreign online crowdfunding identified as an emerging TF typology of concern;
  - Cross-border cash movements (remain Medium-Low risk), given Singapore's status as an international and transshipment hub and proximity to countries with active terrorist groups; and
  - Precious Stones, Precious Metals, and Precious Products (remain Medium-Low risk), which could serve as a store of value and an alternative currency.





# TF NRA

- **Higher risk TF jurisdictions include:**
  - FATF listed jurisdictions (e.g. DPRK and Iran); and
  - Other jurisdictions that Singapore authorities may identify/designate from time to time.



# National Strategy for Countering the Financing of Terrorism

The TF NRA supports the objectives of our National Strategy for CFT namely:

- **Prevent:** proactively deter prospective terrorists, terrorist organisations, and sympathisers from exploiting Singapore's openness for TF activities;
- **Detect:** promptly detect and trace TF activities through robust monitoring and tracking of red flag indicators, especially in high-risk sectors and emerging TF typologies of concern; and
- **Disrupt:** resolutely enforce against terrorists, terrorist organisations, and sympathisers seeking to raise, move and use funds for terrorism activities, both locally and abroad.

Five-point strategy to achieve the above objectives comprising:

- Coordinated and Comprehensive Risk Identification;
- Strong Legal and Sanctions Frameworks;
- Robust Regulatory Regime and Risk Targeted Supervisory Framework;
- Decisive Law Enforcement Actions; and
- International Partnerships and Cooperation.



# Maintaining Robust CFT Controls

## Subscribe

Stay up-to-date by subscribing to MAS website for latest information on targeted financial sanctions and subscribing to IMC-TD updates.

## Screen

Ensure due diligence checks and timely freezing against list of designated subjects and persons whom your business/sector may have been notified by the authorities from time to time.

## Report

Promptly file suspicious transactions reports.

## Comply

Ensure compliance with TSOFA by having internal frameworks and processes in place.



# Subscribe

- **Subscribe** to MAS webpage on [targeted financial sanctions](#) for:
  - An overview of targeted financial sanctions
  - Lists of designated individuals and entities
  - Process to requests for de-listing and unfreezing
- **Subscribe** to news and updates on the IMC-TD [here](#).



# Screen

**Screening** processes should be in place to detect such persons and entities, who should not be dealt with, and any funds or assets related to these persons or entities should be frozen **immediately**.

- Ensure screening databases are updated.
- Entities should also be alert to individuals/entities assisting in the evasion of sanctions including persons who may not be designated, such as family members, close associates or relevant parties of designated individuals.
- Keep records of due diligence checks.

**The FATF requires the freezing of funds/assets and imposition of financial restrictions on not only designated entities/individuals but also entities/individuals/persons acting on their behalf or at their direction.**

**Similarly, Section 6(1)(c) of TSOFA makes it an offence to provide any financial services (or any other related services) in respect of any property that an individual knows (or has reasonable grounds to believe) is owned or controlled by any terrorist or terrorist entity, or for the benefit of, or on the direction or order of, any terrorist or terrorist entity. This includes funds derived or generated from property owned or controlled, directly or indirectly, by any terrorist or terrorist entity.**



# Report and Comply

- Maintain vigilance against TF-related red flags and promptly **file STRs**.
  - Reporting entities may refer to a bulletin titled – ‘Red Flag Indicators for Terrorism Financing’ published on Suspicious Transaction Reporting Office (“**STRO**”)’s SONAR platform on 27 December 2023 for a list of TF-related red flag indicators for reference.
  - When filing STRs on TF matters, reporting entities should indicate the reference code (CFT Oct 2023) in the ‘Notice Reference Number’ field under the ‘Reporting Institution’ tab.
- Review existing screening frameworks and processes to **ensure compliance** with TSOFA.
- To consider leveraging data analytics as part of the processes for TF risk detection and monitoring.



# Red Flag Indicators for TF

Entities must familiarise themselves with the STRO's sector-specific **red flag indicators** of a suspicious transaction (which might be an indication of such a possibility) and **file an STR** if any red flag indicators are met.

Examples of red flag indicators include but are not limited to:

- Anomalies noted during customer/supplier due diligence
- Unusual fund movement
- Structuring/layering of transactions
- Transactions with no apparent business/lawful purpose
- Unusual transactions with higher TF risk jurisdictions

**Sector-specific red flag indicators can be downloaded from [Suspicious Transaction Reporting Office \(STRO\)](#)**



# Other Useful Resources

- Police's webpage on [Suspicious Transaction Reporting Office \(STRO\)](#)
- MAS' [Information Paper on Strengthening AML/CFT Name Screening Practices](#)
- Guidance on PF in the Guidelines to MAS' AML/CFT Notices [PSN01](#) and [PSN02](#)
- MAS' [Guidance on Sound Practices to Counter Proliferation Financing](#)
- [Money Laundering National Risk Assessment \(20 Jun 2024\)](#)
- [National Asset Recovery Strategy \(26 Jun 2024\)](#)
- [Terrorism Financing National Risk Assessment](#) and [National Strategy for Countering the Financing of Terrorism \(1 Jul 2024\)](#)
- You may also wish to refer to the FATF website for more information e.g. [Countering PF](#), [Countering TF](#), [FATF Glossary](#)





# Thank you!

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