



Monetary Authority
of Singapore

ENFORCEMENT REPORT

JULY 2017 TO DECEMBER 2018



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OPENING MESSAGE

Enforcement plays a vital role in financial supervision, complementing the regulatory requirements and supervisory checks that the Monetary Authority of Singapore (MAS) administers over the financial institutions under our regulatory ambit. Having an effective and robust enforcement function is a key priority for MAS, and we are constantly setting and striving to achieve high standards for ourselves in this regard.

In 2016, MAS established a dedicated Enforcement Department to centralise our enforcement functions across the banking, insurance, capital markets and other regulated sectors. This move has energised our enforcement efforts by deepening our expertise in this area, and enabled MAS to take swift and tough regulatory actions against financial institutions and individuals who breach the rules that we administer.

MAS is not alone in its resolve to combat conduct that compromises the orderliness and integrity of Singapore's financial markets. We are grateful for the strong partnerships that we have with other public agencies, including the Attorney-General's Chambers (AGC), the Commercial Affairs Department (CAD) of the Singapore Police Force, the Corrupt Practices Investigation Bureau and the Accounting and Corporate Regulatory Authority. We also work closely with our counterparts across the globe and benefit from the tightly-knit enforcement network in the International Organisation of Securities Commissions (IOSCO) and other international collaborations.

Gillian Koh Tan
Executive Director
Enforcement Department



These partnerships have enabled the collective leveraging of resources and expertise, as well as the streamlining of the enforcement process. Between July 2017 and December 2018, we referred seven investigation cases to the AGC for criminal prosecution or civil penalty action.

The MAS Enforcement Report, which will be published every 18 months, provides updates on enforcement matters in the financial markets undertaken by MAS. It highlights key outcomes that have been achieved and outlines MAS' strategic priorities for the future. Together with the Enforcement Monograph, which provides detailed insights into MAS' enforcement processes and how we make decisions, the MAS Enforcement Report is part of a broader effort to provide greater transparency on MAS' enforcement outcomes and strategies. We hope that these efforts will provide a more comprehensive picture of MAS' efforts to preserve the integrity of Singapore's financial markets.

A stylized, light gray line-art illustration of a city skyline with various skyscrapers and buildings, serving as a background for the slide.

1 MAS' ENFORCEMENT PRINCIPLES

Early detection of misconduct and breaches of law

Effective deterrence

Shaping business and market conduct

MAS' ENFORCEMENT PRINCIPLES

The overarching objective of MAS' enforcement function is to bring about effective, proportionate and fair enforcement outcomes. Our enforcement approach, as detailed in our Enforcement Monograph, is shaped by the three principles of MAS' enforcement philosophy:




**Early Detection of
Misconduct and
Breaches of Law**



**Effective
Deterrence**



**Shaping Business and
Market Conduct**



2 SUMMARY OF KEY ENFORCEMENT OUTCOMES

SUMMARY OF KEY ENFORCEMENT OUTCOMES

Actions taken on breaches of MAS-administered Acts, Regulations and Notices*



Reporting Period: 1 July 2017 to 31 December 2018



1

Criminal Conviction

1 individual sentenced to 16 weeks' imprisonment for false trading



\$16.8 million in Financial Penalties and Compositions

Across 42 financial institutions



\$698,000 in Civil Penalties

In relation to 2 insider trading cases and 1 case of unauthorised trading[^]



19

Prohibition Orders⁺

Banned unfit representatives from re-entering the financial industry



37

Reprimands

Issued to 5 individuals and 27 financial institutions



223 Warnings

Issued to 32 individuals, 162 financial institutions, 8 digital token exchanges and 1 Initial Coin Offering issuer



31

Letters of Advice

Issued to 29 individuals and 2 companies



444

Supervisory Reminders

Issued to 52 individuals and 317 financial institutions

* Excludes investigations led by CAD in the MAS-CAD Joint Investigation Arrangement

[^] Includes revised civil penalty amounts following MAS' appeal to the High Court, which occurred during the reporting period

⁺ Includes one Prohibition Order effective prior to the reporting period but had a variation in duration during the reporting period

AVERAGE TIME TAKEN FOR MAS' REVIEWS AND INVESTIGATIONS



Reporting Period: 1 July 2017 to 31 December 2018

Average Time Taken*



* The "average time taken" refers to the period between the date a case was opened for review and the date the case was closed. A case is considered closed when it is referred to AGC for criminal prosecution or civil action, approved for regulatory action or a decision is made to take no further action.

A stylized, light gray city skyline with various skyscrapers and buildings, serving as a background for the slide.

3 KEY AREAS OF FOCUS

Market abuse

*Types of offences
Featured cases
Key initiatives*

Financial services
misconduct

*Types of offences
Featured cases
Key initiatives*

Money laundering-
related control
breaches

*Types of offenders
Featured cases
Key initiatives*

KEY AREAS OF FOCUS



Market Abuse

Conduct which disrupts genuine price discovery and undermines market integrity



Financial Services Misconduct

Breaches or misconduct by licensed entities and representatives



Money Laundering-Related Control Breaches

Money laundering-related breaches by entities and individuals



3

KEY AREAS OF FOCUS

Market abuse

Types of offences

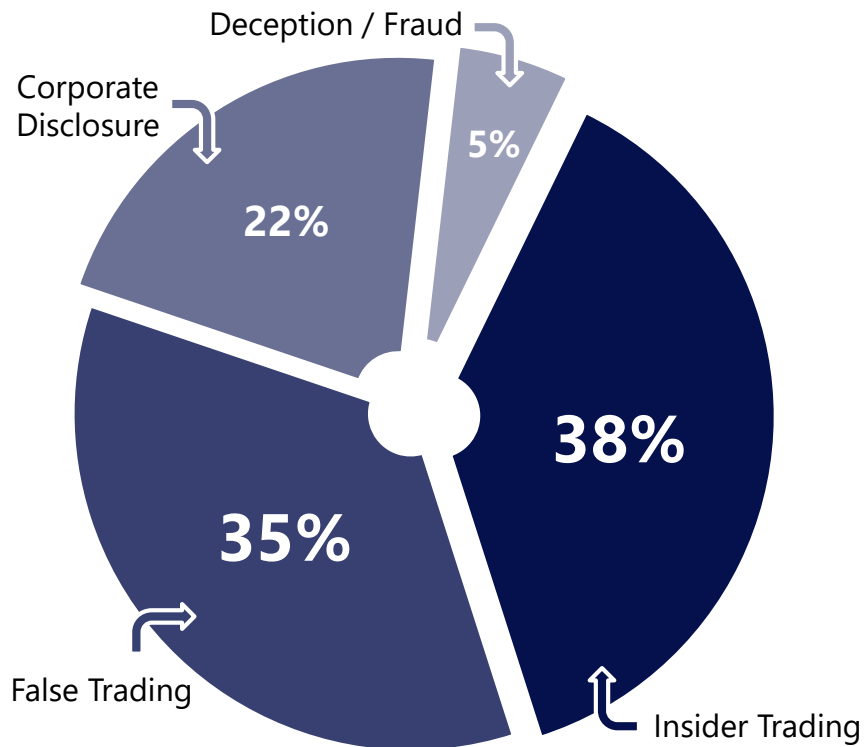
Conduct which disrupts genuine price discovery and undermines market integrity

MARKET ABUSE

Outstanding reviews and investigations by types of offences



As at 31 December 2018



MISCONDUCT TYPE*

NO. OF OUTSTANDING CASES

Insider Trading

14

False Trading

13

Corporate Disclosure

8

Deception / Fraud

2

* Cases involving more than one suspected type of misconduct are classified based on the primary offence



3

KEY AREAS OF FOCUS

Market abuse

Featured cases

Conduct which disrupts genuine price discovery and undermines market integrity

MARKET ABUSE

Featured case

Spoofing to Defraud CFD Providers – Dennis Tey Thean Yang

This case was the **first conviction** of market misconduct **arising from the joint investigations arrangement** with CAD.

Case Summary

What Dennis Tey Thean Yang (Tey) did

- > Used a technique known as “spoofing” to defraud 2 providers of contracts-for-differences (CFDs) on 50 occasions across the CFDs of 17 different securities
- > Used 5 different trading accounts opened in the names of his parents or his customers to avoid detection
- > Made a profit of \$30,239

Action Taken*

16 weeks' imprisonment



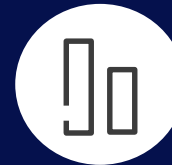
5-year prohibition order



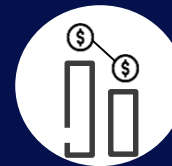
* Conviction Date: 22 March 2017
PO Effective Date: 21 December 2017

The Spoofing Scheme

A case where the underlying market was manipulated to profit from the corresponding derivative product



Prevailing best offer price in the security was \$0.103, Tey placed a sell order at \$0.091, having no intention to fulfil it



CFD providers thought that they could buy the security at \$0.091 and adjusted the CFD quotes to reflect that price. This allowed Tey to buy the CFDs at \$0.091



Tey deleted the sell order and then placed a buy order at \$0.102, 1.2 cents higher than the prevailing best bid price of \$0.090



CFD providers thought that they could sell the security at \$0.102 and correspondingly adjusted the CFD quotes. This allowed Tey to sell and close his CFD position at \$0.102

MARKET ABUSE

Featured case

Marking the Close – Mok Piak Liang

Case Summary

What Mok Piak Liang (Mok) did

- > Purchased shares of Wilton Resources Corporation Ltd (Wilton) near the close of trading hours
- > Set closing price of the shares on 13 trading days
- > Avoided margin top-up payments for the shares which Mok had pledged towards margin facilities

Action Taken*

16 weeks' imprisonment



* Conviction Date: 19 January 2018

Impact of the Trades

How the trades affected the rest of the market



Price Impact

Price of the shares artificially pushed up by 5.9% to 22.8% on the 13 trading days



Expert Witness

"If Mok did not trade, the closing price of Wilton's shares would have been materially or significantly lower... Wilton's share price would have declined earlier, been more volatile and been materially weaker."



3

KEY AREAS OF FOCUS

Market abuse

Key initiatives

Conduct which disrupts genuine price discovery and undermines market integrity

MARKET ABUSE

Key initiative

Disruption of potential market misconduct through broker engagement

MAS engages brokers to disrupt potential market misconduct in order to safeguard the integrity of Singapore's capital markets.

Enforcement Approach

Why the approach?



Curbs undesirable trading behaviour before it escalates



Minimises negative market impact from on-going suspicious trading activities



Shapes broker conduct and culture through their disruption of suspicious trading activities



Targets errant players and limits their ability to benefit from undesirable behaviour



Complements MAS' enforcement efforts through effective deterrence

Why Engage Brokers?



Brokers are regulated entities with obligations to deter market misconduct and are responsible for detecting suspicious trading activities conducted by their staff, trading representatives or customers



Brokers are best placed to manage any suspicious behaviour as they can calibrate their responses, which may include imposing restrictions, suspending accounts and off-boarding customers



Engaging brokers supports the third aim of MAS' enforcement approach which is to shape business and market conduct

MARKET ABUSE

Key initiative

Project Apollo

Project Apollo is an Augmented Intelligence tool that is used, alongside other analytical frameworks, in the triaging of cases for investigation.

The system automates the computation of key metrics used for trade analysis and predicts the likelihood that an expert will opine that market manipulation has occurred. An interactive dashboard is provided for the visualisation of Apollo's results and predictions.

Features

What can Apollo do?

Trade Analysis	Performs trade analysis and measures the suspect's behaviour vis-à-vis the general market's behaviour
Prediction	Predicts the likelihood that market manipulation has occurred based on trade analysis and past cases
Dashboard	Displays Apollo's predictions and the relevant trading behaviour that would support or contradict a finding of market manipulation

Key Objectives

What does Apollo aim to achieve?



Automates repetitive and manual processes to improve efficiency



Models rogue trading behavior using traits identified by human experts



Provides analysis and prediction during early stages of investigations



Complements human decision-making abilities through Augmented Intelligence



3

KEY AREAS OF FOCUS

**Financial services
misconduct**

Types of offences

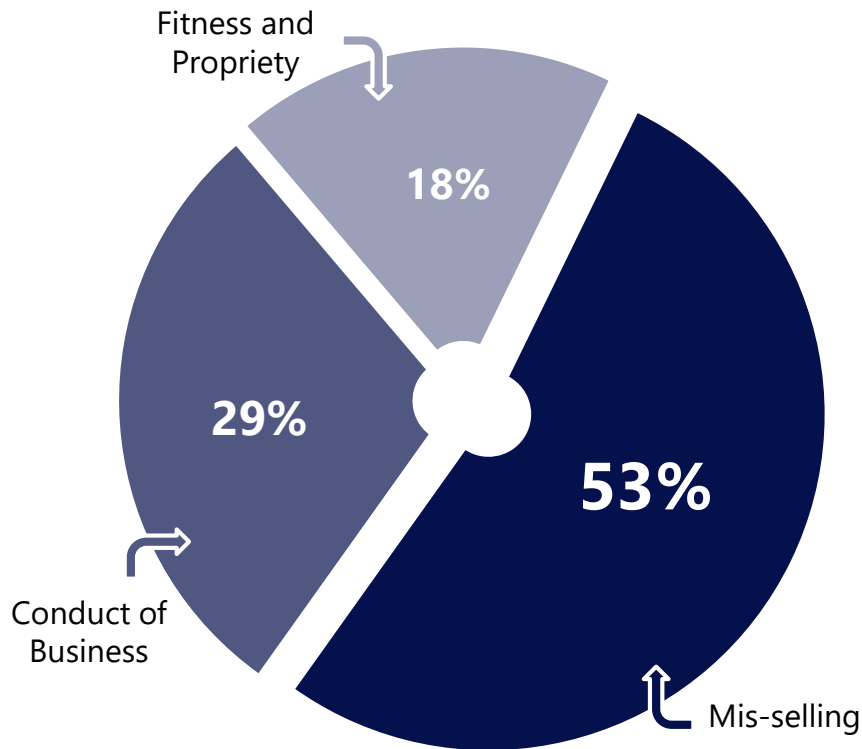
**Breaches or misconduct by licensed entities and
representatives**

FINANCIAL SERVICES MISCONDUCT

Outstanding reviews and investigations by types of offences



As at 31 December 2018



MISCONDUCT TYPE*	NO. OF OUTSTANDING CASES
Mis-selling	20
Conduct of Business	11
Fitness and Propriety	7

* Cases involving more than one suspected type of misconduct are classified based on the primary misconduct

Mis-selling – cases involving suspected mis-representation of financial products during sales or inappropriate advice & recommendation of financial products

Conduct of business – cases involving suspected breaches or circumvention of business conduct rules when carrying out financial service activities

Fitness and propriety – cases involving suspected dishonest, incompetent or unfit individuals



3

KEY AREAS OF FOCUS

**Financial services
misconduct**

Featured cases

**Breaches or misconduct by licensed entities and
representatives**

FINANCIAL SERVICES MISCONDUCT

Featured case

Mis-selling by Financial Advisory Representative – Heng Goid Hoon

4-year Prohibition Order*

Former insurance agent, Heng Goid Hoon (Heng) banned from:

- > providing financial advisory services
- > taking part in management, acting as a director or becoming a substantial shareholder of any financial advisory firm

Prohibition Order Issued under the Financial Advisers Act

Why was the prohibition order issued?



Heng recommended switching investment-linked insurance policies (ILP) even though this was to the customer's detriment



Heng failed to disclose switching costs to the customer

Case Facts

What did Heng do?



Heng recommended that a vulnerable customer switch ILPs twice



The customer did not understand key product features and was not informed of switching costs



The customer did not benefit from switching ILPs but instead incurred more than \$10,000 in costs



Heng delayed each policy switch, thereby circumventing the firm's rules against the payment and earning of commissions for early policy replacements

* PO Effective Date: 30 April 2018

FINANCIAL SERVICES MISCONDUCT

Featured case

Mis-selling by Financial Advisory Representative – Koh Mei Ling

3-year Prohibition Order*

Former insurance agent, Koh Mei Ling (Koh) banned from:

- > providing financial advisory services
- > taking part in management, acting as a director or becoming a substantial shareholder of any financial advisory firm

Prohibition Order Issued under the Financial Advisers Act

Why was the prohibition order issued?



Koh recommended an insurance product to the customer without reasonable basis



Koh made a false declaration to the insurer

Case Facts

What did Koh do?



Koh sold 2 insurance policies which required the customer to pay a total of \$24,000 in premiums per year



The customer had an annual income of \$23,000 and could not afford to pay the premiums



When preparing the policy documents, Koh inflated the customer's income to deceive the insurer into accepting the policy applications

* PO Effective Date: 30 April 2018



3

KEY AREAS OF FOCUS

**Financial services
misconduct**

Key initiatives

**Breaches or misconduct by licensed entities and
representatives**

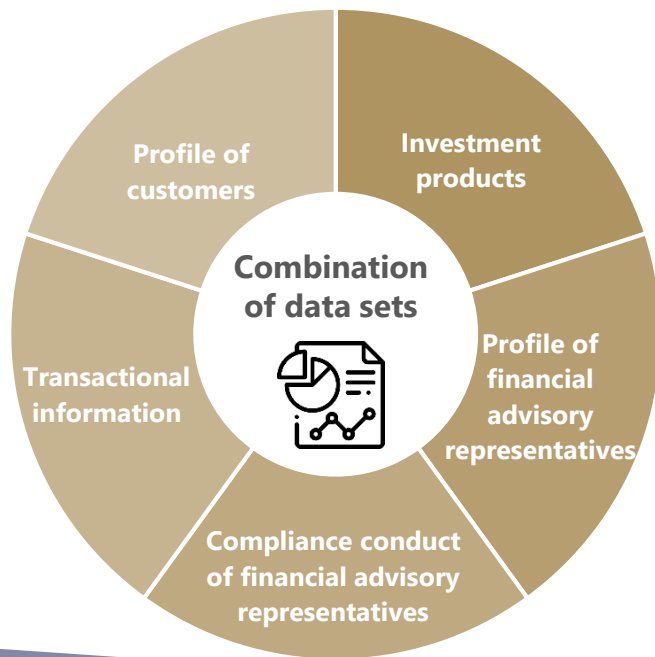
FINANCIAL SERVICES MISCONDUCT

Key initiative

Proactive Detection of Financial Advisory Misconduct

MAS adopts a proactive approach to **detect financial advisory misconduct**. Large data sets are combined to identify potential misconduct cases using rule-based and advanced analytics.

Early detection and investigation of wrongdoings enable MAS to mete out enforcement actions against errant representatives in a timely manner and better protect investors.



Key Objectives

What do we intend to achieve?



Identify financial advisory representatives with poor financial sales advisory practices as well as potential misconduct



Rule-based analytics:
Identify potential cases where financial advisory representatives did not have a reasonable basis for recommending financial products, especially to vulnerable customers such as the elderly



Advanced analytics:
Map connections between transactions, customers and financial advisory representatives in order to detect suspicious sales transactions



3

KEY AREAS OF FOCUS

**Money laundering-
related control breaches**

*Types of
offenders*

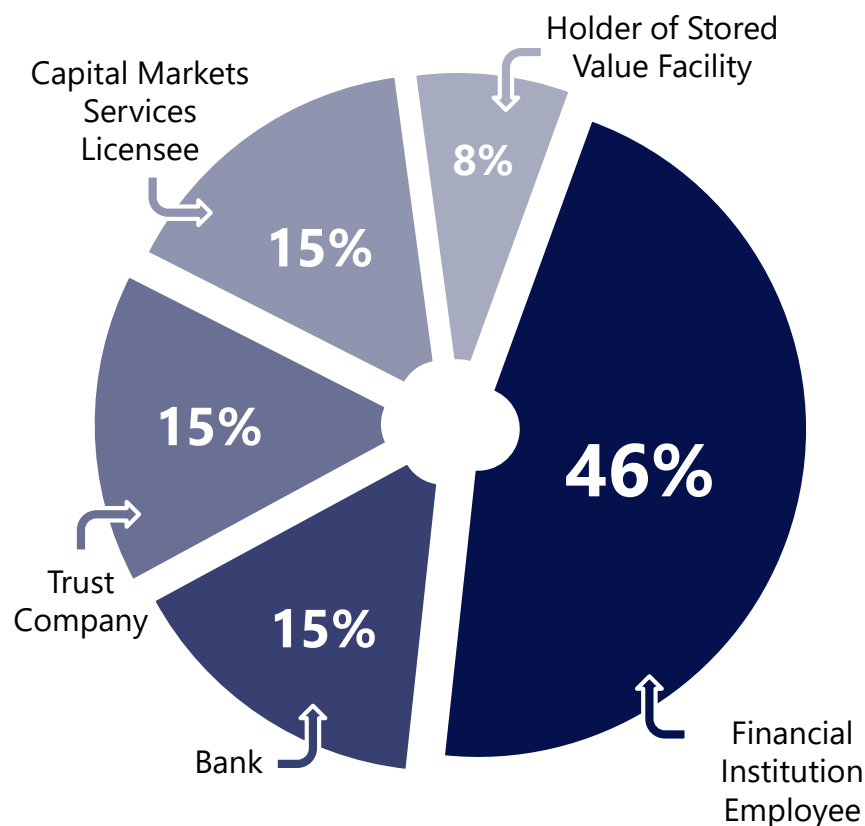
**Money laundering-related control breaches by entities
and individuals**

MONEY LAUNDERING-RELATED CONTROL BREACHES

Outstanding reviews and investigations by types of offenders



As at 31 December 2018



TYPES OF OFFENDERS	NO. OF OUTSTANDING CASES
Financial Institution Employee	6
Bank	2
Trust Company	2
Capital Markets Services Licensee	2
Holder of Stored Value Facility	1



3

KEY AREAS OF FOCUS

**Money laundering-
related control breaches**

Featured cases

**Money laundering-related control breaches by entities
and individuals**

MONEY LAUNDERING-RELATED CONTROL BREACHES

Featured case

1MDB – Regulatory Actions Taken Against Financial Institutions

The 1Malaysia Development Berhad (1MDB) review is MAS' most comprehensive anti-money laundering and countering the financing of terrorism (AML/CFT) review to date.

MAS worked closely with AGC, CAD as well as foreign regulatory and law enforcement agencies to uncover a complex web of transactions involving numerous offshore shell companies and conspirators operating in multiple jurisdictions.

MAS took decisive regulatory action by shutting down banks, imposing financial penalties against financial institutions which had failed to meet the expected anti-money laundering standards and banning errant individuals from Singapore's financial industry.

There are ongoing investigations into other financial institutions and individuals suspected of being involved in the 1MDB-related offences.

Regulatory Actions Taken



Ordered to shut down

- > BSI Bank Limited
- > Falcon Private Bank Ltd, Singapore Branch



Fines totalling \$30million

- > BSI Bank Limited
- > Falcon Private Bank Ltd, Singapore Branch
- > Standard Chartered Bank, Singapore Branch
- > Coutts & Co Ltd, Singapore Branch
- > UBS AG, Singapore Branch
- > DBS Bank Ltd
- > United Overseas Bank
- > Credit Suisse AG, Singapore Branch



Directives issued

- > Bank management to investigate lapses, address control deficiencies and take appropriate disciplinary measures against bank staff involved

MONEY LAUNDERING-RELATED CONTROL BREACHES

Featured case

1MDB: Prohibition Orders Issued Against Individuals

Lifetime Prohibition Orders

**Yeo Jiawei**

Convicted on charges ranging from money laundering to cheating. Sentenced to 84 months' imprisonment in total.

PO Effective Date: 18 December 2017

**Yak Yew Chee**

Convicted for failing to report suspicious transactions and forging reference letters. Sentenced to 18 weeks' imprisonment and to a \$24,000 fine.

PO Effective Date: 29 May 2017

**Jens Fred Sturzenegger**

Convicted for failure to report suspicious transactions and providing false information to MAS and CAD. Sentenced to 28 weeks' imprisonment and to a \$128,000 fine.

PO Effective Date: 29 May 2017

**Tim Leissner**

Convicted in the United States on charges for bribery and money laundering. He also agreed to pay US\$43.7 million in restitution of ill-gotten gains.

PO Effective Date: 13 March 2017, PO varied from 10-year to lifetime PO on 19 December 2018

6-year Prohibition Orders

**Ang Wee Keng Kelvin**

Convicted of bribing Lee Chee Waiy to expedite the preparation of a favourable valuation report. Sentenced to a \$9,000 fine.

PO Effective Date: 30 October 2017

**Lee Chee Waiy**

Accepted Ang Wee Keng Kelvin's bribe and applied inappropriate methodology and assumptions in the preparation of a valuation report.

PO Effective Date: 30 October 2017

15-year Prohibition Orders

**Yvonne Seah Yew Foong**

Convicted for failing to report suspicious transactions and forging reference letters. Sentenced to 2 weeks' imprisonment and to a \$10,000 fine.

PO Effective Date: 29 May 2017

3-year Prohibition Orders

**Kevin Scully**

Failed to ensure that the preparation of a valuation report was carried out with sufficient care, judgement and objectivity.

PO Effective Date: 18 December 2017

MONEY LAUNDERING-RELATED CONTROL BREACHES

Featured case

Stored Value Facility Holder Reprimanded

MAS has **reprimanded a holder of a relevant Stored Value Facility (SVF) for breaches of AML/CFT requirements under MAS Notice PSOA-N02**, and warned the SVF holder that the contravention would be considered in the assessment of the SVF holder's future applications for licences, including licences under the Payment Services Act.

Offenders could have been fined up to \$1 million per offence under the Monetary Authority of Singapore Act.

SVF Holder Reprimanded

What were the findings?



Inadequate management oversight



Misinterpretation of AML/CFT requirements by SVF holder

Case Facts

What were the SVF's breaches?



The SVF holder did not:

- > identify, assess and understand its Money Laundering/Terrorism Financing (ML/TF) risks;
- > identify and verify some customers; and
- > perform appropriate enhanced customer due diligence measures on a high ML/TF risk customer



The SVF holder opened and maintained an anonymous account



The SVF holder failed to develop adequate policies, procedures and controls

MONEY LAUNDERING-RELATED CONTROL BREACHES

Featured case

Penalties Imposed on Standard Chartered Bank & Standard Chartered Trust

Penalties totalling **\$6.4 million** were imposed for **breaches of AML/CFT requirements under MAS Notice 626 and MAS Notice TCA-N03**.

Why were penalties imposed?



Trust accounts of Standard Chartered Bank's (SCBS) customers were transferred from an overseas branch of Standard Chartered Trust (SCTS) to its Singapore branch



The transfer occurred shortly before the overseas branch implemented additional reporting obligations under the Common Reporting Standards (CRS), raising questions of whether clients were avoiding CRS reporting obligations

Tax-related ML risks remain relevant

Serious tax crimes were designated as an ML/TF predicate offence in July 2013.

Financial institutions should remain vigilant and institute robust AML/CFT controls to detect, assess and mitigate tax-related ML risks.

What did SCBS and SCTS fail to do?

SCBS and SCTS did not :



Implement satisfactory risk management and controls in relation to the transfers of accounts



Adequately assess the AML/CFT risks associated with the timing of the transfers, which occurred shortly before the CRS implementation



File suspicious transaction reports in a timely manner



3

KEY AREAS OF FOCUS

**Money laundering-
related control breaches**

Key initiatives

**Money laundering-related control breaches by entities
and individuals**

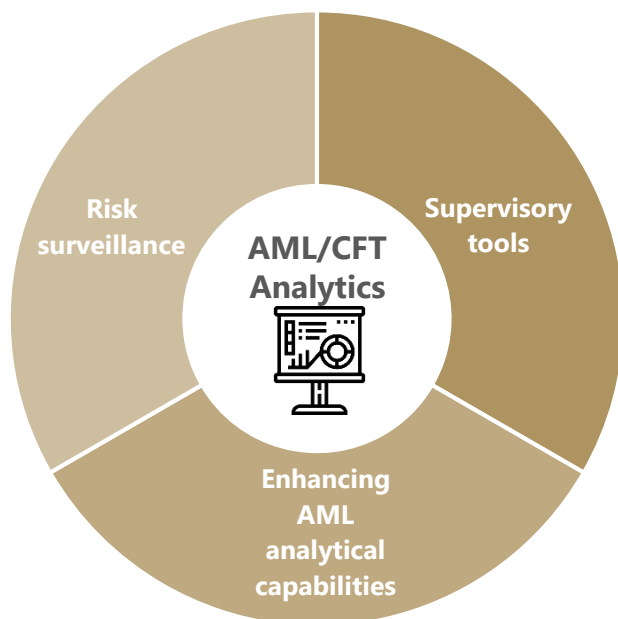
MONEY LAUNDERING-RELATED CONTROL BREACHES

Key initiative

Leveraging on Data Analytics to enhance AML/CFT Supervisory Effectiveness

MAS uses data analytics to sharpen and intensify AML/CFT supervision over FIs and activities with higher ML/TF risks.

We are continually enhancing our ability to detect high impact or system-wide risks in the financial system. One of the ways we do this is by using insights from network analyses of information drawn from suspicious transaction reports (STRs).



Key Outcomes Achieved



Sharpened supervision

- > Analytics-driven supervisory probes
- > Supervisory scrutiny of higher risk FIs
- > Thematic examinations of higher risk activities



Enhanced surveillance and detection

- > Network analysis applied to STRs to detect ML/TF abuse of financial system
- > Distilling insights on vulnerabilities in the financial system from wide range of data

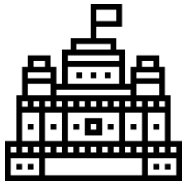
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4

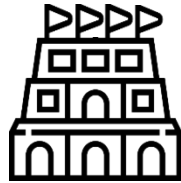
INTERNATIONAL COOPERATION

INTERNATIONAL COOPERATION

MAS collaborates closely with international regulators and enforcement agencies to combat cross-border misconduct.



**Board Member
of the
International
Organisation of
Securities
Commission
(IOSCO)**



**Member of
IOSCO
Committee 4 on
Enforcement and
the Exchange of
Information**



**Signatories to
IOSCO's
Multilateral
Memorandum of
Understanding
(MMoU) and
Enhanced MMoU**



**Co-Chair of
Policy
Development
Group of the
Financial Action
Task Force (FATF)**

INTERNATIONAL COOPERATION

IOSCO MMoU & Enhanced MMoU

Under the IOSCO MMoU and Enhanced MMoU (EMMoU), MAS is able to obtain assistance and information from fellow signatory regulators for the purpose of enforcing and securing compliance with securities and derivatives laws in Singapore.

What assistance is available?



MMoU

- > Obtain records to enable the reconstruction of all securities and derivatives transactions
- > Take or compel a person's statement regarding the potential offence



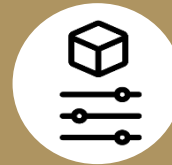
EMMoU

- > Obtain and share subscriber records held or maintained by telephone service providers and internet service providers
- > Obtain audit information
- > Obtain assistance in the freezing of assets

FATF Membership

Singapore is an active member of this global standard setting body. As co-chair of the Policy Development Group, Singapore collaborates closely with fellow AML/CFT policy makers and supervisors to develop international standards to combat money laundering, terrorism and proliferation financing.

How is MAS involved?



- > Pro-actively shapes international standards to target robust outcomes that safeguard global financial integrity



- > Participates in FATF's mutual evaluation process aimed at effective global implementation of these standards
- > Promotes experience sharing between counterparts
- > Peer experts make recommendations to the evaluated country to improve effectiveness in combating risks

INTERNATIONAL COOPERATION



Reporting Period: 1 July 2017 to 31 December 2018

MAS rendered assistance in 119 IOSCO requests...



...from 22 international regulators

A stylized, light gray line-art illustration of a city skyline with various skyscrapers and buildings, serving as a background for the title. The number 5 is large and dark blue, positioned on the left side of the image.

5

2019/2020 PRIORITIES

LOOKING AHEAD

In 2019 / 2020, some of our enforcement priorities are:



Corporate Disclosures

Timely and adequate disclosure of corporate information for better investor protection



Business Conduct

Business conduct of financial advisers and their representatives



AML/CFT Compliance

Thematic reviews and assessments of AML/CFT controls in financial institutions



Brokerage Houses' Internal Controls

Tightening of internal controls to detect and deter market abuse



Insider Trading

Surveillance and investigations into suspected insider trading