



**RESPONSE TO FEEDBACK RECEIVED –
CONSULTATION ON PROPOSED AMENDMENTS TO THE MONETARY
AUTHORITY OF SINGAPORE NOTICES TO FINANCIAL INSTITUTIONS ON
PREVENTION OF MONEY LAUNDERING AND COUNTERING THE
FINANCING OF TERRORISM**

ANNEX A - MAS NOTICE 626, 824 and 1014¹

1. Paragraph 2.1: Business Relations and Relationship Management

1.1 Many respondents understood that MAS expected banks to apply Customer Due Diligence (“CDD”) on accounts managed from Singapore, regardless of where they were booked. However, some highlighted concerns that the expanded definitions of “business relations” and “relationship management” in paragraph 2.1 of the draft MAS Notice 626 (“the Notice”) were overly broad and could be construed to also include banks’ provision of a wide range of incidental services to overseas customers.

MAS’ Response

1.2 Banks should assess if certain customer relationships are, in substance, mostly conducted and managed from Singapore; if so, the requirements of the Notice should apply to them even if the account is booked overseas. Banks may however rely on the CDD performed by the overseas booking entity, if it is a regulated financial institution (“FI”) that is supervised according to Financial Action Task Force (“FATF”) standards. If there is any suspicion of money laundering (“ML”) or terrorism financing (“TF”) when managing the relationship, banks shall submit a suspicious transaction report (“STR”).

1.3 Given that the industry has a good understanding of current supervisory practices and expectations as earlier described, we have decided to retain the current approach of explaining “relationship

¹ Due to the similarities in terms of feedback received for MAS Notice 626, 824 and 1014, MAS has decided to combine our responses to the feedback for the above Notices in a single Annex.

management” in the Guidelines to MAS Notice 626 (“the Guidelines”) instead of the Notice. This avoids applying the requirements of the Notice on activities beyond what is intended. Banks should check with MAS if they are unsure on the scope of the Notice, especially when introducing new activities.

2. Paragraph 2.1: Definitions of Customers and Prospective Customers

2.1 Some respondents were concerned that the revised definition of “customer” in paragraph 2.1 of the Notice, which included a person whom a bank intended to establish business relations with, would excessively expand the scope of the Notice. One respondent suggested specifically defining the term “prospective customer” for the purposes of paragraph 6.2 of the Notice.

MAS’ Response

2.2 The current definition of “customer” in the Notice already includes a person whom a bank intends to establish business relations with or open an account for. To avoid confusion, MAS has dropped the term “prospective customer” in paragraph 6.2 of the Notice. Instead, MAS has revised paragraph 6.2 of the Notice to state that where there are reasonable grounds for suspicion prior to the establishment of business relations or undertaking of any transaction without the opening of an account, banks shall not establish relations or undertake a transaction for the customer. In such cases, banks shall file an STR and extend a copy to the Authority.

3. Paragraph 2.1: Definition of Legal Persons and Legal Arrangements

3.1 A few respondents asked for further guidance and examples in relation to the definitions of “legal persons” and “legal arrangements”.

MAS’ Response

3.2 Examples in relation to the definitions of “legal person” and “legal arrangements” are now included in paragraphs 2-5 and 2-6 of the Guidelines.

4. Paragraph 4.1: Enterprise-wide Risk Assessment

4.1 Several respondents asked if MAS would be prescribing the approach banks must adopt for the enterprise-wide risk assessment required under paragraph 4.1 of the Notice or if banks were allowed to design their own methodology.

4.2 Respondents also asked for examples of the steps that banks should take to identify, assess and understand their ML/TF risks, especially in relation to:

- a) countries or jurisdictions where the bank has operations in; and
- b) products, services, transactions and delivery channels of the bank.

MAS' Response

4.3 Given the different business structures and the range of activities performed by banks, it is not possible for MAS to prescribe a common approach for all banks. Banks may develop their own enterprise-wide risk assessment approach and methodology to fit their structure and operations but should take into consideration the guidance provided by MAS in the Guidelines.

4.4 MAS has included under paragraph 4-6 of the Guidelines additional guidance on the broad ML/TF risk factors that banks should consider for the purposes of the enterprise-wide risk assessment. Examples of the factors that banks should consider when assessing ML/TF risks of their locations of operation include:

- a) any adverse news on a particular country or jurisdiction;
- b) the comprehensiveness of the country's or jurisdiction's anti-money laundering and countering the financing of terrorism ("AML/CFT") laws, regulations and standards; and
- c) the assessment of the country's or jurisdiction's AML/CFT regime by an international body, such as the FATF.

4.5 Examples of the factors that banks should consider when assessing the ML/TF risks of the products, services, transactions and delivery channels of the bank include:

a) the nature, scale, diversity and complexity of the bank's business activities (certain business activities such as private banking and trade finance may present higher ML/TF risks); and

b) the nature of products and services offered by the bank.

5. Paragraph 4.1: Incorporation of Results of National Risk Assessment ("NRA") Report

5.1 A few respondents asked for further guidance on how banks were expected to incorporate the results of the Singapore NRA report into their risk assessment process.

MAS' Response

5.2 The Singapore NRA report is intended to help the private sector better understand the ML/TF risks in their own sectors, as well as other sectors that they have dealings with. This allows banks to better assess the adequacy of their AML/CFT controls, mitigate the risks identified and strengthen these controls where necessary. Relevant high risk financial and non-financial sectors identified in the NRA report should be factored into a bank's enterprise-wide risk assessment. Banks should pay additional attention to prevailing crime types as identified in the Singapore NRA report in setting their transaction monitoring programmes. Respondents can refer to paragraphs 4-11 and 4-12 of the Guidelines for further details.

6. Paragraph 4.1: Risk Assessment and CDD on Affiliated Entities

6.1 With reference to paragraph 4.1(c) of the Notice, some respondents asked whether the enterprise-wide risk assessment extended to a foreign bank branch's head office and overseas branches.

6.2 These respondents also asked if banks were required to conduct CDD when they established business relations with their affiliated overseas offices, overseas subsidiaries, branches, parent banks or related corporations.

MAS' Response

6.3 Banks incorporated in Singapore are required to perform an enterprise-wide risk assessment that includes the overseas branches and subsidiaries of the Singapore entity. For a foreign bank that operates as a branch in Singapore, the enterprise-wide risk assessment only needs to cover the branch's Singapore operations.

6.4 Banks in Singapore, including foreign bank branches, are required to conduct CDD when they establish business relations with an affiliated entity.

7. Paragraph 4.1: Retrospective Review Requirements for Risk Assessment (New Products, Practices and Technologies)

7.1 With regard to paragraph 4.1(d) of the Notice, some respondents asked whether banks were expected to conduct remediation of ML/TF risk assessment by performing retrospective individual reviews of existing products, services, transactions and delivery channels that were not previously assessed for ML/TF risks.

MAS' Response

7.2 Banks are required to ensure that the ML/TF risks of all their existing products, services, transactions and delivery channels are identified, assessed and appropriately mitigated. The assessment of the ML/TF risks for existing products may be performed as part of the enterprise-wide ML/TF risk assessment. Banks must complete this exercise by 24 July 2015.

8. Paragraph 4.2: Clarifications on Risk Assessments

8.1 With regard to paragraph 4.2(c) of the Notice, a few respondents asked to clarify MAS' expectations for banks to keep their enterprise-wide risk assessments up-to-date. Specifically, the respondents asked whether MAS expected periodic reviews of the risk assessments or whether the risk assessments could be triggered only when a significant new product or new business practice is developed, or when new technologies were used by banks.

8.2 Some respondents asked about the phrase “appropriate mechanisms to provide its risk assessment information to the Authority” in paragraph 4.2(d) of the Notice.

MAS’ Response

8.3 On the review frequency of enterprise-wide risk assessments, MAS expects banks to review their risk assessment at least once every two years or when material trigger events occur, whichever is earlier. Banks can refer to paragraph 4-18 of the Guidelines for further elaboration.

8.4 With regard to maintaining “appropriate mechanisms to provide risk assessment information to the Authority”, MAS expects banks to ensure that the enterprise-wide risk assessments are formally documented and approved by senior management. The relevant information and documentation should be made available to MAS upon request.

9. Paragraph 4.3: Senior Management and Other Relevant Authorities in Singapore

9.1 Respondents asked whether the term “senior management” in paragraph 4.3(a) referred to those based in Singapore or at head office. They also enquired what the term “other relevant authorities” in paragraph 4.3(d) referred to.

MAS’ Response

9.2 The term “senior management” refers to those based in Singapore. Examples of “other relevant authorities in Singapore” include law enforcement authorities (e.g. Singapore Police Force, Commercial Affairs Department, Corrupt Practices Investigation Bureau) and other government authorities (e.g. Ministry of Home Affairs, Ministry of Finance, Ministry of Law).

10. Paragraph 5.1: New Business Practices and New Delivery Mechanisms

10.1 Some respondents asked about the approval process for risk assessment of new products, business practices, delivery mechanisms and technologies.

MAS' Response

10.2 Banks are expected to perform ML/TF risk assessments for all new products, business practices, delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. These assessments must be approved by their senior management and heads of business, risk and compliance.

11. Paragraph 6.2: Reasonable Grounds for Suspicion

11.1 Several respondents asked what constituted “reasonableness” under the term “reasonable grounds for suspicion” in paragraph 6.2 of the Notice. Specifically, they asked whether the refusal by prospective or existing customers to provide, or their inability to provide, complete information for CDD purposes constitutes reasonable grounds for suspicion for banks to file STRs.

MAS' Response

11.2 The term “reasonable grounds for suspicion” in the Notice draws reference from the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (CDSA).

11.3 The example highlighted by respondents in paragraph 11.1 above is a trigger for banks to further enquire into their customers or business relations with their customers. Where banks are unable to complete CDD, they are not permitted to commence or continue business relations with these customers, or undertake any transaction for them as per paragraph 6.35 of the Notice. Banks should consider the full facts and the circumstances of the transactions involved in deciding whether to file an STR.

11.4 Some examples of scenarios where banks may consider as giving rise to “reasonable grounds for suspicion” are as follows:

- a) A customer represents to a bank that his source of funds and wealth are from personal savings arising from his employment income. However, the amount to be deposited with the bank grossly exceeds the customer's declared expected income. The bank should take into account all other available information to ascertain if there are reasonable grounds to suspect that the customer's funds could be benefits derived from serious offences (as defined in the CDSA).
- b) A customer requests a bank to execute fund transfers that do not make economic sense, such as circuitous transfers that eventually return to the same bank account. Another example could be when a customer receives funds from a party in a foreign country or jurisdiction and immediately transfers the funds to another party in the same foreign country or jurisdiction, or to the sender's account in another country or jurisdiction. In such scenarios, the bank should consider obtaining more information to ascertain if there are reasonable grounds to suspect the legitimacy of the funds involved in the transfers.

11.5 Banks can refer to Appendix B – Examples of Suspicious Transactions in the Guidelines for further guidance on suspicious scenarios.

12. Paragraph 6.3: CDD Measures for Non-Account Holders

12.1 With regard to paragraph 6.3 of the Notice, a respondent asked whether banks were expected to obtain all mandatory CDD information if the customer was a non-account holder.

MAS' Response

12.2 Banks are expected to perform CDD measures set out in paragraph 6 of the Notice, including obtaining the necessary CDD information to identify and verify the identity of the non-account holder if the following conditions are met:

- a) the bank undertakes any transaction of a value exceeding S\$20,000 for the non-account holder; or

- b) the bank effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceed S\$1,500 for the non-account holder.

12.3 In addition, banks are reminded that paragraph 6.31(b) of the Notice requires them to record adequate details of the transaction so as to permit the reconstruction of the transaction, including the nature and date of the transaction, the type and amount of currency involved, the value date, and the details of the payee or beneficiary.

13. Paragraph 6.3: When CDD is to be Performed

13.1 A respondent asked whether the measures under paragraph 6.3 of the Notice were required for a situation where banks executed a combined transaction chain that included a trade finance transaction of a value lower than S\$20,000 and a cross-border wire transfer exceeding S\$1,500.

MAS' Response

13.2 When any one of the five conditions set out in paragraph 6.3 of the Notice is triggered, banks are expected to perform CDD in accordance with the Notice requirements. For the combined transaction chain described above, banks are expected to perform CDD given that the cross-border wire transfer exceeding S\$1,500 has clearly triggered condition (c) of paragraph 6.3 of the Notice.

14. Paragraph 6.4: Related or Linked Transactions

14.1 Some respondents asked about MAS' expectations for banks to aggregate two or more related transactions as outlined in paragraph 6.4 of the Notice.

MAS' Response

14.2 Paragraph 6.4 of the Notice is applicable to banks when they undertake transactions for customers who are non-account holders. Two or more transactions may be related or linked if they involve the same sender or recipient. Banks should be aware that transactions may be entered into consecutively to deliberately restructure an otherwise

single transaction, with the intention of circumventing the thresholds set out in paragraphs 6.3(b) and (c) of the Notice.

14.3 Banks should monitor whether the related or linked transactions exceed the thresholds in paragraphs 6.3(b) and (c), and take these into consideration when formulating scenarios and parameters for transaction monitoring. We have clarified these expectations in paragraphs 6-2-2 and 6-2-3 of the Guidelines.

15. Paragraphs 6.6 and 11.5: Residential Address

15.1 With regard to paragraphs 6.6 and 11.5 of the Notice, a respondent asked if Post Office (P.O.) box addresses, addresses of banks (for hold-mail customers), addresses of other third party institutions (such as Corporate Service Providers) or customers' mailing addresses can be accepted as the customers' residential address when performing CDD.

MAS' Response

15.2 MAS expects banks to obtain the full residential address of the customer when performing CDD. Hence, P.O. box addresses, addresses of banks (for hold-mail customers) and addresses of other third party institutions (such as Corporate Service Providers) are not acceptable. A customer's mailing address is acceptable, provided it is a full address. However, MAS recognises that there may be exceptional situations in countries or jurisdictions where the residential address is not applicable or available in the local context. In such exceptional cases, a bank can accept a P.O. box address for the purposes of CDD and we have clarified this in the Guidelines.

15.3 For the purposes of paragraph 11.5 of the Notice, pertaining to cross-border wire transfers, if the customer's residential address is not available, banks can instead choose to include alternative customer information set out in sub-paragraphs 11.5(b) and (c) of the Notice into the payment instruction that accompanies the wire transfer.

16. Paragraph 6.6: Principal Place of Business

16.1 Respondents asked for greater clarity on the term “principal place of business” in paragraph 6.6(c) of the Notice. They enquired how this was different from the customers’ “registered or business address”.

MAS’ Response

16.2 The “principal place of business” is where the main operating office or “mind and management” (i.e. senior management) of the customer resides. A registered or business address could be just an address to receive mails. Banks should obtain all relevant addresses of customers for ease of communication with their customers.

16.3 As part of CDD, banks are already expected to obtain the registered or business address. Banks are also required to obtain the principal place of business where it is different from the registered or business address.

17. Paragraphs 6.7 and 6.9: Powers of Legal Person / Arrangement

17.1 Some respondents asked for greater clarity on the term “powers of legal person or legal arrangement” in paragraphs 6.7 and 6.9 of the Notice.

17.2 Many respondents also asked what was considered “reliable independent source data, documents or information” required to verify the legal form, proof of existence, constitution and powers of the legal person or legal arrangement. In particular, they asked whether copies of declarations of trust, memorandum and articles of association (or equivalent) were acceptable to meet the requirements of the Notice.

MAS’ Response

17.3 To provide greater clarity, MAS has amended the term in paragraphs 6.7 and 6.9 of the Notice to “powers that regulate and bind the legal person or legal arrangement”.

17.4 Banks can use declarations of trust, memorandum and articles of association, and board resolutions to verify the legal form, constitution and powers that regulate and bind a legal person or legal arrangement.

More examples of acceptable documents that can be used to verify legal persons or legal arrangements are also included in paragraph 6-6-2 of the Guidelines. For example, it is acceptable to use a certificate of incorporation or certificate of incumbency and share register to verify the name, legal form and proof of existence of a customer.

18. Paragraph 6.8: Connected Parties and Persons having Executive Authority

18.1 With regard to paragraph 6.8 of the Notice, many respondents asked for greater clarity on the term “natural persons having executive authority” used in the definition of “connected party”. Respondents also asked about MAS’ expectations in terms of identification of connected parties of customers.

18.2 A number of respondents highlighted that the existing Association of Banks (ABS) Guidelines dated September 2009 clarified that banks should adopt a risk-based approach in deciding the measures to be undertaken on directors (connected parties) of a legal person. Banks should minimally obtain the names and identification numbers of key directors or such other information to enable banks to perform meaningful screening of the directors. Respondents sought confirmation that the above principles remain applicable under the Notice and whether MAS would prescribe the minimum identification information required for connected parties of customers.

MAS’ Response

18.3 To provide greater clarity, more examples of who constitutes “natural persons with executive authority in a company” are included in paragraph 2-2 of the Guidelines and they include, but are not limited to, the Chairman and Chief Executive Officer.

18.4 As part of CDD and enhanced CDD, banks are required to identify all the connected parties of a customer and screen them against relevant ML and TF information sources as per paragraph 6.39 of the Notice. However, banks may verify their identities using a risk-based approach. Identification of connected parties may be done using publicly available sources or databases such as company registries, annual reports or based on substantiated information provided by the customers. When

simplified CDD is appropriate, banks may adopt a risk-based approach in assessing the measures necessary for connected parties of customers. Respondents can refer to paragraphs 6-5-1 and 7-3 of the Guidelines for more details.

19. Paragraph 6.8: Identification of Connected Parties for Customers that are Partnerships

19.1 For customers that are partnerships, a respondent asked if MAS expected all partners in large partnerships to be identified for CDD purposes. Another respondent asked for greater clarity on the term “manager” used in the definition of “connected parties” for legal persons that were partnerships.

MAS’ Response

19.2 As part of CDD and enhanced CDD, banks are required to identify and screen all the connected parties of a customer, including for customers that are large partnerships. When simplified CDD is appropriate, banks may adopt a risk-based approach in assessing the measures necessary for connected parties of customers. Respondents can refer to paragraphs 6-5-1 and 7-3 of the Guidelines for more details.

19.3 The term “manager” takes reference from section 2(1) of the Limited Liability Partnership Act (Cap. 163A) and section 28 of the Limited Partnership Act (Cap. 163B). This is clarified in paragraph 2-1 of the Guidelines.

20. Paragraph 6.14: Beneficial Ownership and Percentage Threshold

20.1 A few respondents asked if MAS will adopt FATF’s approach of including the 25% percentage threshold as an example of a benchmark that banks can use for the purposes of determining beneficial owners of customers.

MAS’ Response

20.2 MAS has accepted this suggestion. We have included into paragraph 6-8-2 of the Guidelines, the 25% percentage threshold as an example of a benchmark that banks can use, to identify the natural

person who ultimately owns the customer that is a legal person or legal arrangement. Essentially, when determining beneficial owners, MAS expects banks to consider the shareholdings within the ownership structure of the legal person or legal arrangement and this may be based on a threshold (e.g. any person owning more than 25% of the legal person or legal arrangement, taking into account aggregated ownerships for companies with cross-shareholdings).

20.3 Additionally, paragraph 6-8-3 of the Guidelines reminds banks that in situations where a natural person may not meet the shareholding threshold referred to above but nevertheless controls the customer (e.g. through exercising significant influence), the natural person is a beneficial owner of the customer.

21. Paragraph 6.14: Class of Beneficiaries for Legal Arrangements

21.1 Many respondents asked for greater clarity on the term “class of beneficiaries” of trusts used in paragraph 6.14 of the Notice and MAS’ expectations in terms of CDD identification and verification for this category of beneficiaries. Some respondents also requested that MAS consider allowing banks to verify the identities of trust beneficiaries at the time of distribution, rather than at the time of account opening.

MAS’ Response

21.2 Banks are required to identify and verify the beneficiaries of a trust arrangement during the account opening process as far as possible. In relation to a beneficiary of a trust designated by characteristics or by class, banks are required to obtain sufficient information about the beneficiary to satisfy themselves that they will be able to establish the identity of the beneficiary before making a distribution to that beneficiary, or when that beneficiary intends to exercise vested rights.

21.3 In response to the feedback, MAS has removed the term “class of beneficiaries” in paragraph 6.14 of the Notice and paragraph 6-5-3 of the Guidelines and replaced it with “the beneficiaries (including every beneficiary that falls within a designated characteristic or class)”.

22. Paragraph 6.16: Identification of Beneficial Owners

22.1 A few respondents asked whether banks were required to establish the existence of the beneficial owner of a customer where the customer was a government-owned entity or a majority-owned subsidiary of a publicly listed company referred to in paragraph 6.16(d) of the Notice².

MAS' Response

22.2 Banks are not required to establish the existence of the beneficial owner of a customer that is a government-owned entity, whether local or foreign, unless the bank has doubts about the veracity of the CDD information, or suspects that the customer, business relations with, or transaction for the customer may be connected with ML/TF activities.

22.3 Similarly, banks are not required to establish the existence of the beneficial owner of a customer that is wholly-owned or majority-owned by the Singapore Government or a foreign government. However, if there are other non-governmental beneficial owners who own more than 25% of the customer or who otherwise control the customer, banks are required to identify and verify these beneficial owners. This is reflected in paragraphs 6-8-10 and 6-8-11 of the Guidelines.

22.4 Banks are not required to establish the existence of the beneficial owner of a customer that is a wholly owned or majority-owned subsidiary of a publicly listed company referred to in paragraph 6.16(d) of the Notice². However, if there are other non-publicly listed beneficial owners who own more than 25% of the customer or who otherwise control the customer, banks are required to identify and verify these beneficial owners. This is reflected in paragraph 6-8-9 of the Guidelines.

23. Paragraph 6.16: Stock Exchanges and Adequate Transparency

23.1 Some respondents asked about the term "adequate transparency" used in paragraph 6.16(d)(ii)³ of the Notice and whether MAS expected

² This paragraph was referenced as 6.21(d) in the draft Notice 626 sent out during the public consultation.

³ This paragraph was referenced as 6.21(d)(ii) in the draft Notice 626 sent out during the public consultation.

banks to assess the rules of disclosure of stock exchanges for the purposes of complying with the Notice.

MAS' Response

23.2 MAS would not be prescribing a list of acceptable foreign stock exchanges given the non-static nature of transparency rules of stock exchanges in other countries or jurisdictions.

23.3 Banks are required to put in place an internal assessment process to assess and determine if a foreign stock exchange is subject to regulatory disclosure and adequate transparency requirements. The internal assessment process should have clear criteria, taking into account, amongst others, the country or jurisdiction risk and the level of the country's or jurisdiction's compliance with the FATF standards. This is reflected in paragraph 6-8-8 of the Guidelines.

24. Paragraphs 6.19: Ongoing Monitoring

24.1 A respondent asked if MAS would consider calibrating the degree of ongoing monitoring required by banks based on the business activities they were involved in and the risk profile of their customer base.

MAS' Response

24.2 Ongoing monitoring is a fundamental feature of an effective AML/CFT risk management system and shall be conducted in relation to all business relations. However, banks may adjust the extent of monitoring of a customer according to the customer's ML/TF risk profile. To effectively mitigate ML/TF risks, banks should review regularly the adequacy of their monitoring systems and the factors leading the bank to adjust the level of ongoing monitoring. MAS' expectations in this regard are reflected in paragraph 6-10 of the Guidelines.

25. Paragraph 6.24: Frequency of Updates to CDD Information

25.1 Some respondents asked how frequently banks needed to update CDD information, especially for identification documents without expiry dates. They also asked whether banks could adopt a risk-based approach on keeping such CDD information up-to-date.

MAS' Response

25.2 For higher risk categories of customers, banks should obtain updated CDD information (including updated copies of the customer's passport or identity documents if these are expired), as part of their periodic CDD review, or upon the occurrence of a trigger event, whichever is earlier. For all other risk categories of customers, banks should obtain updated CDD information upon the occurrence of a trigger event. For identification documents with no expiry date, such as a Singapore identity card, there is no requirement to obtain further updates from the customer. This is reflected in paragraphs 6-10-4 and 6-10-5 of the Guidelines.

26. Paragraph 6.25: Retaining Customers Where There are Reasonable Grounds for Suspicion

26.1 A few respondents asked for further guidance on the mitigating measures banks could adopt if they decided to retain a customer even after an STR had been filed.

MAS' Response

26.2 In addition to reporting the suspicious transaction or activity, banks should ensure that appropriate action is taken to adequately mitigate the risk of the bank being used for ML/TF activities. This must include enhanced ongoing monitoring. The bank may also strengthen its AML/CFT processes or conduct a review of the risk classification of the customer or its business relations with the customer. This is reflected in paragraph 14-4 of the Guidelines.

27. Paragraph 6.34: Timing for Verification

27.1 A few respondents asked about MAS' expectations for appropriate "internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification" referred to in paragraph 6.34⁴ of the Notice. They also asked about the expected timeline for banks to complete verification "as soon as is reasonably practicable".

⁴ This paragraph was referenced as 6.39 in the draft Notice 626 sent out during the public consultation.

MAS' Response

27.2 Policies, procedures and controls that banks should put in place to mitigate the ML/TF risks from deferring the completion of verification include:

- a) putting in place appropriate limits on the financial services available to the customer;
- b) limiting the number, type and value of transactions that can be effected (e.g. amount of funds that can be deposited or disallowing any funds withdrawal); and
- c) instituting closer monitoring procedures until the verification is completed.

27.3 Time limitations for the completion of verification should be factored into these policies, procedures and controls and we have included specific guidance on this area in paragraph 6-13 of the Guidelines.

28. Paragraphs 6.36: Links between Non-Completion of Measures and Timing of Verification

28.1 Several respondents asked whether paragraph 6.34⁵ of the Notice was in conflict with paragraphs 6.35 and 6.36⁶. The latter prevented banks from commencing or continuing business relations with, or undertaking any transaction for a customer where measures were not completed and the former permitted banks to establish business relations with a customer before verification was completed, subject to prescribed conditions.

MAS' Response

28.2 MAS has amended paragraphs 6.35 and 6.36 of the Notice to address this feedback. Banks are permitted to establish business relations before verification is completed, subject to prescribed conditions. Where banks are still unable to complete verification, or

⁵ This paragraph was referenced as 6.39 in the draft Notice 626 sent out during the public consultation.

⁶ This paragraph was referenced as 6.40 and 6.41 in the draft Notice 626 sent out during the public consultation.

other measures even after factoring in the delayed verification timelines allowed for under paragraph 6.34 of the Notice, banks are not allowed to commence or continue with business relations with the customer.

29. Paragraph 6.39: Customer Screening and Parties to Screen

29.1 Several respondents asked about the parties that banks were required to screen. Some respondents also asked for greater clarity on the ML/TF information sources that banks should use for screening purposes.

MAS' Response

29.2 Banks are required to screen the following parties: customers, natural persons appointed to act on behalf of customers, connected parties of customers and beneficial owners of customers. Banks should ensure that the necessary CDD information on these parties is captured in its customer information database for periodic name screening against the various ML/TF information sources and databases. This is to enable banks to promptly detect if any of the above parties should subsequently become a sanctioned or a high risk person.

29.3 Some examples of the ML/TF information sources banks should use for screening include —

- a) commercial ML/TF databases used to identify adverse information on individuals and entities;
- b) information sources from the bank's head office or parent supervisory authorities which identify individuals and entities; and
- c) lists of individuals and entities covered under the MAS Regulations⁷ in relation to United Nations Security Council ("UNSC") sanctions or the freezing of assets of persons.

29.4 MAS has provided more guidance on the topic of screening in paragraph 6-15 of the Guidelines.

⁷ These MAS Regulations are issued under Section 27A of the MAS Act.

30. Paragraph 6.39: Lists and Information Provided by the Authorities

30.1 With regard to paragraph 6.39⁸ of the Notice, many respondents asked for greater clarity on what the "lists and information" provided by the authorities referred to and whether banks were expected to include parties identified in ad-hoc requests and sweeps from MAS into their negative database for permanent ongoing screening purposes.

MAS' Response

30.2 Examples of such "lists and information" provided by the authorities include the Terrorism (Suppression of Financing) Act (TSOFA), MAS Regulations issued under section 27A of the MAS Act and MAS Notice on Prohibition on Transactions with the Iranian Government and with Iranian Financial Institutions (MA-N-EXT 1/2012).

30.3 In relation to ad-hoc requests and sweeps from MAS, these names shall be screened upon request. Where MAS expects banks to perform ongoing screening against a list of names, this expectation will be clearly spelt out in our communication to banks. MAS has provided more guidance on the topic of screening in paragraph 6-15 of the Guidelines.

31. Paragraph 6.40: Periodic Screening and Frequency of Screening

31.1 With regard to paragraph 6.40⁹(d) of the Notice on periodic screening, some respondents asked what screening on a "periodic basis" entailed and whether MAS would allow a risk-based approach to determine the frequency of screening.

MAS' Response

31.2 Banks are required to put in place policies, procedures and controls that clearly set out the frequency of periodic screening. This is reflected in paragraph 6-15-3 of the Guidelines.

31.3 Banks may adopt a risk-based approach to determine the frequency of screening. However, banks shall minimally screen all their

⁸ This paragraph was referenced as 6.44 in the draft Notice 626 sent out during the public consultation.

⁹ This paragraph was referenced as 6.45 in the draft Notice 626 sent out during the public consultation.

customers and their relevant parties against lists of sanctioned individuals and entities whenever those lists are updated as per paragraph 6.40(e) of the Notice.

31.4 In performing periodic screening, banks should pay particular attention to changes in the customer's status or risks¹⁰ and assess whether to subject the customer to appropriate ML/TF risk mitigation measures, such as enhanced CDD measures. This is reflected in paragraph 6-15-6 of the Guidelines.

32. Paragraph 7.1: Minimum Standards for Simplified CDD Measures

32.1 A respondent asked about the minimum standards expected for simplified CDD measures and in particular, whether beneficial owners of customers that qualified for simplified CDD would still need to be screened.

MAS' Response

32.2 Paragraph 7.1 of the Notice permits banks to apply simplified CDD measures if banks are satisfied that the ML/TF risks posed by the customer are low. Banks must still be able to effectively identify and verify the identity of a customer, any natural person appointed to act on behalf of the customer and any beneficial owner of the customer, as the case may be. For customers that fall under paragraph 6.16 of the Notice¹¹, banks are not required to establish the existence of any beneficial owner of the customers and as such, screening on any beneficial owner is not required. For all other beneficial owners of customers who are identified, banks are required to screen them in accordance with paragraphs 6.39 to 6.42 of the Notice.

¹⁰ For example, a customer or any of its relevant parties could become subject to international / unilateral sanctions or could become a Politically Exposed Person. This will significantly alter the ML/TF risks of the customer on an overall basis.

¹¹ Paragraph 6.16 of the Notice includes categories of customers which (i) are subject to MAS' beneficial ownership checks, or (ii) are of lower ML/TF risks. Examples of these categories include government entities, entities listed on the Singapore stock exchange and financial institutions that are licensed, approved, registered or regulated by MAS as set out in Appendix 1 of the Notice.

33. Paragraph 8.1: Definition of Politically Exposed Persons (“PEP”)

33.1 A few respondents asked if the definition of PEPs used by the Wolfsberg Group and outlined as part of the Wolfsberg Standards could be applied in banks’ classification of PEPs.

MAS’ Response

33.2 The definition of PEPs used in the Notice takes reference from the latest FATF Recommendations (February 2012). The FATF is an international standard-setter for AML/CFT standards and is widely recognised by regulators worldwide. While banks can refer to the Wolfsberg Standards if helpful, they are still required to fully comply with the PEP requirements specified in the Notice.

34. Paragraph 8.1: Family Member and Close Associate of PEPs

34.1 Many respondents asked about the definitions of “family member” and “close associates” of PEPs. On “family member”, they asked how the revised definition differed from the term “immediate family member” currently used in the existing Notice. On “close associate”, they asked how banks were expected to determine if someone is closely connected to a PEP, either “socially” or “professionally”.

MAS’ Response

34.2 We have revised the “family member” definition in the Notice to specifically refer to a parent, step-parent, child, step-child, adopted child, spouse, sibling, step-sibling and adopted sibling of a PEP.

34.3 To determine whether someone is closely connected to a PEP, either socially or professionally, banks may consider the level of influence the PEP has on such a person or the extent of his exposure to the PEP. Banks may rely on information available from public sources and information obtained through customer interaction. This is reflected in paragraph 8-4-3 of the Guidelines.

35. Paragraph 8.1: International Organisations (“IOs”)

35.1 Several respondents asked for more examples of IOs and IO PEPs to be included into the Notice or Guidelines. They also asked if banks were allowed to rely on external commercial databases for a list of IOs.

MAS’ Response

35.2 We have included more examples of IOs and IO PEPs in paragraphs 8-4-4 and 8-4-5 of the Guidelines. Banks may refer to external commercial databases for a list of IOs provided that banks first assess that the external vendor’s approach to identifying IOs is consistent with the Notice requirements.

36. Paragraph 8.3: Politically Exposed Corporations

36.1 Some respondents asked for greater clarity on the term “legal persons or legal arrangements owned or controlled by PEPs” used in paragraph 8.3¹² of the Notice and asked about MAS’ expectations with regard to thresholds banks should use to determine PEP ownership or the control of the legal person / legal arrangement.

MAS’ Response

36.2 Paragraph 8.3 of the Notice has been amended to state that banks are required to perform enhanced CDD measures where a customer or any beneficial owner of the customer is a PEP, or a family member or close associate of a PEP. Banks can refer to paragraph 19 of this response document for MAS’ expectations in relation to beneficial ownership and percentage threshold.

36.3 When banks determine that a PEP has been appointed to act on behalf of or is a connected party of a customer, banks should consider factors such as whether the PEP is able to exercise substantial influence over the customer, to determine the overall level of ML/TF risks presented by the customer. This is reflected in paragraph 8-5-1 of the Guidelines.

¹² This paragraph was referenced as 8.2 in the draft Notice 626 sent out during the public consultation.

37. Paragraph 8.4: Risk-Based Approach for Different PEPs

37.1 Paragraph 8.4 of the Notice allowed banks to adopt a risk-based approach in relation to enhanced CDD measures for domestic PEPs and IO PEPs. Several respondents requested that MAS extend the same flexibility to foreign PEPs as well. One respondent was of the opposite view that the same level of measures should be applied to all PEPs.

MAS' Response

37.2 According to FATF Recommendations, foreign PEPs are considered as higher risk because banks are less likely to have available knowledge or information about the risk variables of a foreign PEP. To ensure that the ML/TF risks are well-mitigated, MAS therefore expects banks to perform enhanced CDD measures on all foreign PEPs.

37.3 Although domestic and IO PEPs may be subject to a risk-based approach, it does not preclude a domestic or IO PEP presenting the same or higher ML/TF risks than a foreign PEP. For domestic or IO PEPs that present higher ML/TF risks, banks are required to apply enhanced CDD measures similar to those applied on a foreign PEP. We have included guidance on this topic in paragraph 8-5-9 of the Guidelines.

38. Paragraph 8.4: PEPs who have Stepped Down

38.1 With regard to paragraph 8.4(c) of the Notice on PEPs who have stepped down, several respondents asked about the factors that banks were required to consider in implementing a risk-based approach for this category of PEPs.

MAS' Response

38.2 A key factor that banks should take into consideration when determining the level of influence an ex-PEP continues to exercise is the time elapsed since the PEP stepped down from a prominent public function. However, this should not be the sole determining factor. Other possible risk factors that banks can consider are:

- a) the seniority of the position that the individual previously held when he was a PEP; and

- b) whether the individual's previous PEP position and current function are linked in any way (e.g. whether the ex-PEP was appointed to his current position or function by his successor, or whether the ex-PEP continues to substantively exercise the same powers in his current position or function).

These considerations are reflected in paragraph 8-5-11 of the Guidelines.

39. Paragraph 8.5: Other Higher Risk Categories

39.1 Questions were posed about enhanced CDD measures on customers from countries or jurisdictions that have been identified by FATF as being of higher risk or are known to have inadequate AML/CFT measures. In respect of paragraphs 8.5 to 8.8¹³ of the Notice, several respondents asked if banks were allowed to use a risk-based approach to determine if enhanced CDD measures were needed for such customers.

MAS' Response

39.2 For customers or their beneficial owners from or in countries or jurisdictions against which FATF has called for countermeasures, banks are required to treat any business relations or transactions with them as presenting higher ML/TF risks and perform the appropriate enhanced CDD measures. We have amended paragraphs 8.5 to 8.8 of the Notice to reflect this expectation.

39.3 With regard to customers or their beneficial owners from or in countries or jurisdictions known to have inadequate AML/CFT measures, banks are required to assess whether each of them presents higher ML/TF risks, thus warranting enhanced CDD measures. This is reflected in paragraph 8-6-2 of the Guidelines.

¹³ These paragraphs were referenced as 8.5 – 8.7 in the draft Notice 626 sent out during the public consultation.

40. Paragraph 8.6: Clarification on FATF High Risk Countries or Jurisdictions

40.1 With regard to the countries or jurisdictions that have been identified by FATF as higher-risk countries or jurisdictions in paragraph 8.6(a) of the Notice, several respondents asked what this list of countries or jurisdictions referred to.

MAS' Response

40.2 This list refers specifically to the list of countries or jurisdictions in the FATF Public Statement on High Risk and Non-Cooperative Jurisdictions on which FATF has called for counter-measures¹⁴. FATF updates this Public Statement on a periodic basis and banks should regularly refer to the FATF website for the latest updates¹⁵. We have amended paragraph 8.6(a) of the Notice to specifically refer to “a country or jurisdiction in relation to which the FATF has called for countermeasures” and reflected the above in paragraph 8-6-3 of the Guidelines.

40.3 For paragraph 8.6(b) on the countries or jurisdictions known to have inadequate AML/CFT measures, this includes any other countries or jurisdictions that lack the necessary AML/CFT measures as determined by banks. We have included further guidance on the factors that banks can consider when assessing ML/TF risks of countries or jurisdictions in paragraph 4-6(b)(ii) of the Guidelines.

41. Paragraph 9: Reliance on Third Parties and Outsourcing

41.1 Some respondents asked whether outsourcing arrangements were meant to be excluded from the requirements in paragraph 9 of the Notice. They also highlighted that banks would encounter operational difficulties if they were prohibited from outsourcing the conduct of ongoing monitoring of business relations with its customers to their head offices or other affiliated entities.

¹⁴ As at the time of the publication of this response, the two countries on this list are the Democratic People's Republic of Korea and Iran.

¹⁵ The link to the FATF website is as follows: <http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/>

MAS' Response

41.2 Paragraph 9 of the Notice does not apply to outsourcing. In a third-party reliance scenario, the third party typically has an existing business relationship with the customer that is independent of the relationship between the customer and the relying bank. The third party therefore performs CDD according to its own AML/CFT policies, procedures and controls.

41.3 Such a scenario is in contrast to an outsourcing arrangement, in which the outsourced service providers perform CDD measures on the customers on behalf of the relying banks in accordance with the banks' AML/CFT policies, procedures and standards. The outsourced service providers are also subject to the relying banks' control measures to effectively implement the banks' AML/CFT procedures. This is reflected in paragraph 9-3 of the Guidelines.

41.4 For the avoidance of doubt, paragraph 9 of the Notice does not apply to the outsourcing of the ongoing monitoring process by banks, including to its parent entity, branches and subsidiaries. Banks may outsource the first-level review of alerts from the transaction monitoring systems, or sanctions reviews, to these other parties. However, the bank in Singapore remains responsible for complying with ongoing monitoring requirements under the Notice. This is reflected in paragraph 9-8 of the Guidelines.

42. Paragraph 9.2: Syndicated Loans and Reliance on Third Parties

42.1 On syndicated loans, a few respondents shared that it is common industry practice for lead arrangers or agent banks to control the loan documents from the customers without providing copies of these documents to participating banks, even upon request. Furthermore, some of the lead arrangers or agent banks may be based in countries or jurisdictions that have different AML/CFT requirements from Singapore.

MAS' Response

42.2 For syndicated loans, participating banks may rely on the lead arrangers' confirmation that the necessary CDD has been performed to meet the Notice requirements, provided that the participating banks are satisfied that the requirements in paragraph 9.2 of the Notice are met.

Specifically, subparagraph 9.2(a) of the Notice requires participating banks to be satisfied that the third party that it intends to rely upon is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF, and has adequate measures in place to comply with those requirements.

42.3 In addition, participating banks should perform their own CDD on the customers in situations where their assessment of the customers' ML/TF risks leads to a higher risk classification than the lead arrangers' assessment of the customers' ML/TF risks. Notwithstanding the reliance on CDD performed by the lead arrangers, the participating banks remain responsible for their AML/CFT obligations under the Notice. This is reflected in paragraph 9-6 of the Guidelines.

43. Paragraph 10.2: Similar Services

43.1 Several respondents asked about the scope of the definition of the term "similar services" in paragraph 10.2 of the Notice in relation to correspondent banking and what it was meant to cover.

MAS' Response

43.2 Banks should note that foreign exchange trades and money market transactions do not fall within the scope of the term "similar services" in paragraph 10.2 of the Notice. This is reflected in paragraph 10-3 of the Guidelines.

44. Paragraph 10.3: CDD on Related Entities

44.1 Within the context of banks providing correspondent banking services to their related branches or subsidiaries, a respondent asked whether MAS expected banks to perform CDD on their related branches or subsidiaries to the same extent as that performed on a non-related correspondent banking customer.

MAS' Response

44.2 Where a correspondent banking relationship is established by banks with their related entities, the appropriate measures as required under paragraphs 6 and 10 of the Notice shall be applied, bearing in

mind that the risk profiles of individual entities within the same financial group could differ significantly. Banks should also take into consideration the parent banks' level of oversight and control over these related entities, and other risk factors unique to the entities such as their customers and products, the legal and regulatory environment they operate in and sanctions by authorities for AML/CFT lapses. This is reflected in paragraph 10-7 of the Guidelines.

45. Paragraph 11: Wire Transfers

45.1 Several respondents asked about the definition and scope of the term "domestic wire transfer". Specifically, respondents asked whether the examples below were considered "domestic wire transfers":

- a) transfers via GIRO payments, FAST ("Fast And Secure Transfers") payments, the MAS Electronic Payment System ("MEPS+") system and local cheques;
- b) transfers via mobile phone applications; and
- c) other forms of inter-bank transfers between banks in Singapore.

45.2 Respondents also asked for MAS' rationale for lowering the cross-border wire transfer threshold from S\$2,000 to S\$1,500.

MAS' Response

45.3 Where the ordering institutions and beneficiary institutions are located in Singapore and where the chain of wire transfers takes place entirely within Singapore, even though the system used to transmit the payment message may be located in another country or jurisdiction, the transfer would be considered a "domestic wire transfer" for the purposes of the Notice.

45.4 The lowering of the cross-border wire transfer threshold from S\$2,000 to S\$1,500 is due to the strengthening of the Singapore dollar relative to the international benchmark set by the FATF.

46. Paragraph 11.5: Customer Identification Number

46.1 Some respondents asked about the difference between the terms "wire transfer originator's unique identification number" and "customer identification number" used in paragraph 11.5¹⁶ of the Notice.

MAS' Response

46.2 The "unique identification number" is one of several key pieces of CDD information ordering institutions are required to collect for the purposes of identifying the wire transfer originators. Examples include identity card numbers, birth certificate numbers or passport numbers.

46.3 The term "customer identification number" which was initially included in the draft Notice sent out during the public consultation, referred to a number or code assigned by the ordering institution which uniquely identified the wire transfer originator to the ordering institution. This assigned number or code was required to refer to a record held by the ordering institution that contained at least one of the required pieces of CDD information of the originator as set out under subparagraphs 11.5 and 11.7 of the Notice¹⁷.

46.4 MAS' intent in introducing the term "customer identification number" into the Notice was to provide greater flexibility to banks in line with international standards. We accept respondents' feedback on the possible confusion over the terms and have removed it from the Notice.

47. Paragraph 11.12: Responsibilities of Beneficiary Institutions

47.1 A respondent asked whether MAS expected beneficiary institutions to establish thresholds for the purposes of determining when to reject or suspend wire transfers that lacked the required originator and beneficiary information.

¹⁶ This paragraph was referenced as 11.6 in the draft Notice 626 sent out during the public consultation.

¹⁷ The record held by the ordering institution must contain at least one of the required pieces of CDD information set out in paragraphs 11.5(a), 11.5(b) or 11.5(c) for cross-border wire transfers and set out under paragraphs 11.7(a)(iii)(A), 11.7(a)(iii)(B) or 11.7(a)(iii)(C) for domestic wire transfers.

MAS' Response

47.2 As outlined in paragraph 11.12 of the Notice, beneficiary institutions are required to implement appropriate internal risk-based policies, procedures and controls for determining when to execute, reject, or suspend a wire transfer lacking the required wire transfer originator or wire transfer beneficiary information, and the appropriate follow-up action. Monetary thresholds can be included as part of these risk-based policies, procedures and controls implemented by banks.

47.3 Beneficiary institutions should assess the ML/TF risks of accepting wire transfers that lack the required originator and beneficiary information. Banks should assess whether these ML/TF risks can be adequately mitigated by their internal policies, procedures and controls. Where incoming wire transfers are not accompanied by the required originator information, beneficiary institutions are expected to request the information from the ordering institutions. Banks should consider terminating business relations with overseas ordering institutions that fail to provide the required originator information. STRs should be filed if appropriate. This is reflected in paragraph 11-10-1 of the Guidelines.

48. Paragraph 11.13: Responsibilities of Intermediary Institutions

48.1 A respondent asked whether intermediary institutions were expected to identify and verify the identities of wire transfer beneficiaries.

MAS' Response

48.2 There are no requirements for intermediary institutions to verify the identities of wire transfer beneficiaries given that these beneficiaries are not their customers. However, intermediary institutions are reminded of their obligations to identify and screen all wire transfer originators and beneficiaries in line with paragraph 6.41 of the Notice.

49. Paragraph 14.2: Promptness in the Reporting of Suspicious Transactions

49.1 A few respondents asked for clarity on the term “promptly” which was added into paragraph 14.2 of the Notice and whether there would

be changes to the existing 15-day timeline for an STR to be filed in the current Guidelines.

MAS' Response

49.2 In principle, banks should file STRs as soon as is reasonably practicable. The existing guidance for an STR to be filed within 15 business days will remain unchanged in the revised Guidelines.

50. Paragraph 15.6: Sharing of Information within the Financial Group

50.1 Some respondents asked how the requirements to share information within the financial group for the purposes of CDD and ML/TF risk management applied to banks operating in Singapore as branches or subsidiaries whose head offices were located outside Singapore.

50.2 Respondents also requested more guidance on the types of information that should be shared within the financial group and whether such sharing would breach banking confidentiality provisions under section 47 of the Banking Act.

MAS' Response

50.3 Paragraphs 15.3 to 15.9 of the Notice on group policy requirements are intended to be applied by banks incorporated in Singapore to its branches and subsidiaries, but not to its parent entity and the bank's other related corporations.

50.4 MAS does not require banks operating in Singapore as branches or subsidiaries to extend these group policy requirements to their head offices, parent banks or related corporations.

50.5 The types of information that should be shared within the financial group include:

- a) positive name matches arising from screening performed against ML/TF information sources; or

- b) a list of customers who have been exited by the bank, its branches and subsidiaries based on suspicion of ML/TF and names of parties on whom STRs have been filed.

50.6 Such information should be shared by a branch or subsidiary of a bank incorporated in Singapore with their group-level compliance, audit, and AML/CFT functions (whether in or outside Singapore) for ML/TF risk management purposes.

50.7 Section 47 of the Banking Act allows for the sharing of information for risk management purposes as specifically set out in the Third Schedule to the Banking Act.

51. Paragraph 15.13: Employee Screening

51.1 With regard to paragraph 15.13 on employee screening requirements, a few respondents asked whether banks were required to perform screening for their directors and management committee members who were based outside Singapore.

MAS' Response

51.2 Banks are required to perform screening on the directors and management committee members who are hired or appointed by them regardless of the location they are based.

52. CDD Measures In Relation To Trade Finance Activities

52.1 Respondents asked for guidance from MAS on the CDD that banks were required to apply for trade finance business relationships and transactions.

MAS' Response

52.2 Banks should establish AML/CFT policies and procedures to mitigate the ML/TF and proliferation financing risks of trade finance activities. Banks should exercise care when performing trade finance activities or transactions due to their complexity and the associated higher inherent ML/TF risks. MAS will be issuing further guidance on the subject of AML/CFT controls for trade finance at a later date.

53. Lead Time for Implementation

53.1 Several respondents requested that MAS give adequate lead time for banks to implement the requirements of the revised Notice. They also requested guidance on how to prioritise their remediation efforts in relation to existing customers.

MAS' Response

53.2 Most of the revisions to the Notice formalise existing MAS supervisory expectations. In response to the industry feedback, we will provide a transition period for banks to make changes to their processes and systems. The Notice shall take effect from 24 May 2015 to give banks one month from the issuance date to comply with the requirements under the new Notice.

53.3 In addition, we are providing three months for banks to comply with three specific requirements in the Notice. These are:

- Paragraph 4: Assessing Risks and Applying a Risk-based Approach;
- Paragraph 5: New Products, Practices and Technologies; and
- Paragraphs 15.6 and 15.7: Group Information Sharing Requirements.

The above requirements will take effect from 24 July 2015. The relevant effective dates are listed in paragraph 1.2 of the Notice.

53.4 With regard to remediation, banks should prioritise the identification of higher risk customers within their existing customer base for remediation, taking into consideration the increased attention to be paid to IO PEPs, which is a new requirement. This remediation of higher risk customers should be done within six months of the Notice issuance date, by 24 October 2015. Banks are to ensure that enhanced CDD measures are performed on the higher risk customers identified within their existing customer base.

MONETARY AUTHORITY OF SINGAPORE

24 April 2015

Appendix A

List of Respondents to the Consultation Paper on Proposed Amendments to the MAS AML/CFT Notices to Financial Institutions on Prevention of Money Laundering and Countering the Financing of Terrorism – MAS Notice 626, 824 and 1014

1. ACAMS Singapore Chapter with WongPartnership LLP
2. The Association of Banks in Singapore
3. Baker & McKenzie.Wong & Leow
4. Clearstream Banking S.A.
5. Hong Leong Finance Limited
6. The Hongkong and Shanghai Banking Corporation Limited
7. KPMG Services Pte. Ltd.
8. Mizuho Bank Limited
9. Nordea Bank Finland Plc
10. Sumitomo Mitsui Banking Corporation
11. Mr Teng Kuan Siong
12. United Overseas Bank Limited

Note: This list includes only the names of respondents who did not request that their submissions be kept confidential.

Appendix B

MAS NOTICE 626 (Tracked Changes)

MAS Notice 626

~~2 July 2007~~

~~Last revised on 1 July 2014~~

~~(Refer to endnotes for history of amendments)~~

24 April 2015

NOTICE TO BANKS

MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM - BANKS

1 INTRODUCTION

1.1 This Notice is issued pursuant to section 27B of the Monetary Authority of Singapore Act (Cap. 186) ("MAS Act") and applies to all banks in Singapore, as defined in section 2 of the Banking Act (Cap.19~~).~~ ("BA").

~~1.2 — This Notice shall take immediate effect.~~

1.2 Except for paragraphs 4, 5, 15.6 and 15.7, this Notice shall take effect from 24 May 2015. Paragraphs 4, 5, 15.6 and 15.7 shall take effect from 24 July 2015. MAS Notice 626 dated 2 July 2007 is cancelled with effect from 24 May 2015.

2 DEFINITIONS

2.1 For the purposes of this Notice —

"AML/CFT" means anti-money laundering and countering the financing of terrorism;

"Authority" means the Monetary Authority of Singapore;

"bank" means a bank in Singapore, as defined in section 2 of the Banking Act (Cap. 19);BA;

"beneficial owner", in relation to a customer of a bank, means the natural person who ultimately owns or controls athe customer or the natural person on whose

behalf a transaction is ~~being conducted~~ or business relations are established, and includes ~~the any~~ person who exercises ultimate effective control over a ~~body corporate legal person~~ or ~~unincorporate legal arrangement~~;

“beneficiary institution” means the financial institution that receives the wire transfer from the ordering institution, directly or through an intermediary institution, and makes the funds available to the wire transfer beneficiary;

“business relations” means —

(a) the opening or maintenance of an account by the bank in the name of ~~a person and~~; or

(b) the undertaking provision of ~~transactions financial advice~~ by the bank ~~for that to~~.

a person (whether a natural person on that account, legal person or legal arrangement);

~~“company” includes a body corporate formed or established outside Singapore under the law of the country or jurisdiction;~~

~~“CDD measures” or “customer due diligence measures” means the process of identifying the customer and obtaining information measures~~ required by paragraph 46;

“CDSA” means the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A);

“connected party” —

(a) in relation to a legal person (other than a partnership), means any director or any natural person having executive authority in the legal person;

(b) in relation to a legal person that is a partnership, means any partner or manager¹⁸; and

(c) in relation to a legal arrangement, means any natural person having executive authority in the legal arrangement;

“Core Principles” refers to the Core Principles for Effective Banking Supervision issued by the Basel Committee on Banking Supervision, the Objectives and Principles for Securities Regulation issued by the International Organisation of

¹⁸ In the case of a limited liability partnership or a limited partnership.

Securities Commissions, or the Insurance Core Principles issued by the International Association of Insurance Supervisors;

“cross-border wire transfer” means a wire transfer where the ordering institution and the beneficiary institution are located in different countries or jurisdictions and also refers to any chain of wire transfer in which at least one of the financial institutions involved is located in a different country or jurisdiction;

“customer”, in relation to a bank, means ~~a person in whose name an account is opened or intended to be opened, or (whether a natural person, legal person or legal arrangement) —~~

(a) with whom the bank establishes or intends to establish business relations; or

~~(a)(b)~~ for whom the bank undertakes or intends to undertake any transaction without an account being opened;

“domestic wire transfer” means a wire transfer where the ordering institution and beneficiary institution are located in the same country or jurisdiction and also refers to any chain of wire transfer that takes place entirely within a country, even though the system used to transfer the payment message may be located in another country or jurisdiction;

“FATF” means the Financial Action Task Force;

“financial advice” means a financial advisory service as defined in section 2(1) of the Financial Advisers Act (Cap. 110) or advising on corporate finance as defined in section 2(1) of the Securities and Futures Act (Cap. 289);

“financial group” means a group that consists of a legal person or legal arrangement exercising control and coordinating functions over the rest of the group for the application of group supervision under the Core Principles, and its branches and subsidiaries that are financial institutions as defined in section 27A(6) of the MAS Act or the equivalent financial institutions outside Singapore;

“government entity” means a government of a country or jurisdiction, a ministry within such a government, or an agency specially established by such a government through written law;

“legal arrangement” means a trust or other similar arrangement;

“legal person” means an entity other than a natural person that can establish a permanent customer relationship with a financial institution or otherwise own property;

“officer” means any director or any member of the committee of management of the bank;

“ordering institution” means the financial institution that initiates the wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the wire transfer originator;

“partnership” means a partnership, a limited partnership within the meaning of the Limited Partnerships Act (Cap. 163B) or a limited liability partnership within the meaning of the Limited Liability Partnerships Act (Cap. 163A);

“personal data” has the same meaning as defined in section 2(1) of the Personal Data Protection Act 2012 (Act 26 of 2012);

“reasonable measures” means appropriate measures which are commensurate with the money laundering or terrorism financing risks;

“STR” means suspicious transaction report; ~~and~~

“STRO” means the Suspicious Transactions Transaction Reporting Office, Commercial Affairs Department of the Singapore Police Force;

“TSOFA” means the Terrorism (Suppression of Financing) Act (Cap. 325); and
“wire transfer” refers to any transaction carried out on behalf of a wire transfer originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary person at a beneficiary institution, irrespective of whether the originator and the beneficiary are the same person.

- 2.2 A reference to any threshold or value limit expressed in S\$ shall include a reference to the equivalent amount expressed in any other currency.

~~2.31.1 A reference to the completion of CDD measures is a reference to the situation when the bank has received satisfactory responses to all inquiries.~~

~~2.3 Unless~~The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, ~~a reference to a financial institution supervised by the Authority does not include a person who is exempted from licensing, approval or regulation by the Authority.~~have the same meanings as in the BA.

3 UNDERLYING PRINCIPLES

- 3.1 This Notice is based on the following principles, which shall serve as a guide for all banks in the conduct of their operations and business activities:

- (a) (a) A bank ~~must~~shall exercise due diligence when dealing with customers, natural persons appointed to act on the customer's behalf, connected parties of the customer and beneficial owners of the customer.
- (b) (b) A bank ~~must~~shall conduct its business in conformity with high ethical standards, and guard against establishing any business relations or undertaking any transaction, that is or may be connected with or may facilitate money laundering or ~~terrorist~~terrorism financing.
- (c) (c) A bank ~~should, whenever possible and~~shall, to the fullest extent possible, assist and cooperate with the relevant law enforcement authorities in Singapore ~~in preventing to prevent~~ money laundering and ~~terrorist~~terrorism financing.

4 ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH

Risk Assessment

4.1 A bank shall take appropriate steps to identify, assess and understand, its money laundering and terrorism financing risks in relation to —

- (a) its customers;
- (b) the countries or jurisdictions its customers are from or in;
- (c) the countries or jurisdictions the bank has operations in; and
- (d) the products, services, transactions and delivery channels of the bank.

4.2 The appropriate steps referred to in paragraph 4.1 shall include —

- (a) documenting the bank's risk assessments;
- (b) considering all the relevant risk factors before determining the level of overall risk and the appropriate type and extent of mitigation to be applied;
- (c) keeping the bank's risk assessments up-to-date; and
- (d) having appropriate mechanisms to provide its risk assessment information to the Authority.

Risk Mitigation

4.3 A bank shall —

- (a) develop and implement policies, procedures and controls, which are approved by senior management, to enable the bank to effectively manage and mitigate the risks that have been identified by the bank or notified to it by the Authority or other relevant authorities in Singapore;**
- (b) monitor the implementation of those policies, procedures and controls, and enhance them if necessary;**
- (c) perform enhanced measures where higher risks are identified, to effectively manage and mitigate those higher risks; and**
- (d) ensure that the performance of measures or enhanced measures to effectively manage and mitigate the identified risks address the risk assessment and guidance from the Authority or other relevant authorities in Singapore.**

5 NEW PRODUCTS, PRACTICES AND TECHNOLOGIES

5.1 A bank shall identify and assess the money laundering and terrorism financing risks that may arise in relation to —

- (a) the development of new products and new business practices, including new delivery mechanisms; and**
- (b) the use of new or developing technologies for both new and pre-existing products.**

5.2 A bank shall undertake the risk assessments, prior to the launch or use of such products, practices and technologies (to the extent such use is permitted by this Notice), and shall take appropriate measures to manage and mitigate the risks.

5.3 A bank shall, in complying with the requirements of paragraphs 5.1 and 5.2, pay special attention to any —

- (a) new products and new business practices, including new delivery mechanisms; and**
- (b) new or developing technologies,**

that favour anonymity.

46 CUSTOMER DUE DILIGENCE (“CDD”)

Anonymous or Fictitious Account

4.16.1 No bank shall open or maintain an anonymous ~~accounts~~account or ~~accounts~~an account in a fictitious ~~names~~name.

Where There Are Reasonable Grounds for Suspicion prior to the Establishment of Business Relations or Undertaking any Transaction without opening an Account

6.2 Prior to a bank establishing business relations or undertaking any transaction without opening an account, where the bank has any reasonable grounds to suspect that the assets or funds of a customer are proceeds of drug dealing or criminal conduct as defined in the CDSA, or are property related to the facilitation or carrying out of any terrorism financing offence as defined in the TSOFA, the bank shall —

- (a) not establish business relations with, or undertake a transaction for, the customer; and
- (b) file an STR¹⁹, and extend a copy to the Authority for information.

When CDD ~~measures are~~ to be Performed

4.26.3 A bank shall perform ~~CDD~~the measures ~~in accordance with this Notice~~as required by paragraphs 6, 7 and 8 when —

- (a) (a) the bank establishes business relations with any customer;
- (b) (b) the bank undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the bank;
- (c) (c) the bank effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who has not otherwise established business relations with the bank;
- (e)(d) there is a suspicion of money laundering or ~~terrorist~~terrorism financing, notwithstanding that the bank would not otherwise ~~not~~ be required by this Notice to perform ~~CDD~~the measures as required by paragraphs 6, 7 and 8; or
- (d)(e) (d) the bank has doubts about the veracity or adequacy of any information previously obtained.

¹⁹ Please note in particular section 48 of the CDSA on tipping-off.

~~CDD Measures where Business Relations are Established~~

6.4 ~~Where a bank suspects that two or more transactions are or may be related, linked or the result of a deliberate restructuring of an otherwise single transaction into smaller transactions in order to evade the measures provided for in this Notice in relation to the circumstances set out in paragraphs 6.3(b) or (c), the bank shall treat the transactions as a single transaction and aggregate their values for the purposes of this Notice.~~

(l) ~~Identification of Customers~~Customer

~~4.36.5~~ A bank shall identify each customer ~~who applies to the bank to establish business relations.~~

~~4.46.6~~ For the ~~purpose~~purposes of paragraph ~~4.36.5~~, a bank shall obtain ~~and record information of the customer, including but not limited to at least~~ the following information:

- (a) (a) Full name, including any aliases;
- (b) (b) Unique identification number (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number);

~~(c)~~ (c) ~~Existing the customer's –~~

~~(i)~~ residential address; ~~or~~

~~(ii)~~ registered or business address ~~(, and if different, principal place of business,~~

as may be appropriate) ~~and contact telephone number(s);~~

~~(e)(d)~~ (d) Date of birth, establishment, incorporation or registration (as may be appropriate); and

~~(d)(e)~~ (e) Nationality ~~or nationality~~, place of incorporation or place of registration (as may be appropriate).

~~4.56.7~~ Where the customer is a company~~legal person or legal arrangement~~, the bank shall, apart from identifying the customer, also identify the ~~directors of the company~~legal form, constitution and powers that regulate and bind the legal person or legal arrangement.

~~4.61.1~~ Where the customer is a ~~partnership or a limited liability partnership~~legal person

or legal arrangement, the bank shall, ~~apart from identifying the customer, also identify the partners.~~

connected parties of

~~4.76.8~~ **Where** ~~the customer is any other body corporate or unincorporate, by obtaining at least the bank shall, apart from identifying the customer, also identify the persons having executive authority in that body corporate or unincorporate.~~ following information of each connected party:

(a) full name, including any aliases; and

(b) unique identification number (such as an identity card number, birth certificate number or passport number of the connected party).

(II) Verification of Identity of Customer

~~4.81.1~~ A bank shall verify the identity of the customer using reliable, independent sources.

~~4.96.9~~ A bank shall retain copies of all reference source data, documents used to verify the identity of the customer or information. Where the customer is a legal person or legal arrangement, a bank shall verify the legal form, proof of existence, constitution and powers that regulate and bind the customer, using reliable, independent source data, documents or information.

(III) Identification and Verification of Identity of Natural ~~Persons~~ Person Appointed to Act on ~~the~~ Customer's Behalf

~~4.106.10~~ Where ~~the~~ customer appoints one or more natural persons to act on his behalf in establishing business relations with ~~the~~ bank or the customer is not a natural person, ~~a~~the bank shall —

(a) identify ~~the each~~ natural ~~persons that act~~ person who acts or ~~are~~ is appointed to act on behalf of the customer; by obtaining at least the following information of such natural person:

(i) full name, including any aliases;

(ii) unique identification number (such as an identity card number, birth certificate number or passport number);

(iii) residential address;

(iv) date of ~~these persons~~ birth;

(v) nationality; and

(b) verify the identity of each natural person using reliable, independent ~~sources; and~~ source data, documents or information.

~~(a) retain copies of all reference documents used to verify the identity of these persons.~~

~~4.116.11~~ A bank shall verify the due authority of ~~such person~~ each natural person appointed to act on behalf of the customer by obtaining at least the customer following:

~~4.121.1~~ A bank shall verify the due authority of such persons to act by obtaining, including but not limited to the following:

(a) the appropriate documentary evidence ~~that~~ authorising the appointment of such natural person by the customer ~~has appointed the persons~~ to act on his or its behalf; and

(b) the specimen ~~signature~~ signature of ~~the persons~~ such natural person appointed.

~~4.136.12~~ Where the customer is a Singapore ~~government~~ Government entity, the bank shall only be required to obtain such information as may be required to confirm that the customer is a Singapore ~~government~~ Government entity as asserted.

(IV) Identification and Verification of Identity of Beneficial ~~Owners~~ Owner

~~4.146.13~~ Subject to paragraph ~~4.176.16~~, a bank shall inquire if there exists any beneficial owner in relation to a customer.

~~4.156.14~~ Where there is one or more beneficial owner in relation to a customer, the bank shall identify the beneficial owners and take reasonable measures to ~~obtain information sufficient to identify and~~ verify the identities of the beneficial ~~owner-owners~~ using the relevant information or data obtained from reliable, independent sources. The bank shall —

~~(a) for customers that are legal persons —~~

~~(i) identify the natural persons (whether acting alone or together) who ultimately own the legal person;~~

~~(ii) to the extent that there is doubt under subparagraph (i) as to whether the natural persons who ultimately own the legal person are the beneficial owners or where no natural persons ultimately own the legal person, identify the natural persons (if any) who~~

ultimately control the legal person or have ultimate effective control of the legal person; and

(iii) where no natural persons are identified under subparagraph (i) or (ii), identify the natural persons having executive authority in the legal person, or in equivalent or similar positions;

(b) for customers that are legal arrangements —

(i) for trusts, identify the settlors, the trustees, the protector (if any), the beneficiaries (including every beneficiary that falls within a designated characteristic or class)²⁰, and any natural person exercising ultimate ownership, ultimate control or ultimate effective control over the trust (including through a chain of control or ownership); and

(ii) for other types of legal arrangements, identify persons in equivalent or similar positions, as those described under subparagraph (i).

4.166.15 Where the customer is not a natural person, the bank shall ~~take reasonable measures to~~ understand the nature of the customer's business and its ownership and control structure ~~of the customer.~~

4.176.16 A bank shall not be required to inquire if there exists any beneficial owner in relation to a customer that is —

(a) a Singapore ~~government~~Government entity;

(b) a foreign government entity;

(c) an entity listed on the Singapore Exchange;

(d) an entity listed on a stock exchange outside of Singapore that is subject to ~~regulatory disclosure requirements;~~

~~(e)(a) a financial institution supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence, unless specifically notified by the Authority);~~

(i) regulatory disclosure requirements; and

²⁰ In relation to a beneficiary of a trust designated by characteristics or by class, the bank shall obtain sufficient information about the beneficiary to satisfy itself that it will be able to establish the identity of the beneficiary —

(a) before making a distribution to that beneficiary; or

(b) when that beneficiary intends to exercise vested rights.

(ii) requirements relating to adequate transparency in respect of its beneficial owners (imposed through stock exchange rules, law or other enforceable means);

(e) a financial institution set out in Appendix 1;

(f) a financial institution incorporated or established outside Singapore that is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF; or

(g) an investment vehicle where the managers are financial institutions —

(i) supervised by the Authority set out in Appendix 1; or

(ii) incorporated or established outside Singapore but are subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF,

unless the bank has doubts about the veracity of the CDD information, or suspects that the customer, business relations with, or transaction is for the customer, may be connected with money laundering or ~~terrorist~~ terrorism financing.

~~4.186.17~~ For the purposes of ~~paragraphs 4.17~~ paragraph 6.16(f) and 4.176.16(g)(ii), a bank shall document the basis for its determination that the requirements in those paragraphs have been duly met.

(V) Information on the Purpose and Intended Nature of Business Relations

~~4.196.18~~ A bank shall ~~obtain from the customer~~, when processing the application to establish business relations, understand and as appropriate, obtain from the customer information as to the purpose and intended nature of business relations.

(VI) Ongoing Monitoring

~~4.206.19~~ A bank shall monitor on an ongoing basis, its business relations with customers.

~~4.216.20~~ A bank shall, during the course of business relations with a customer, observe the conduct of the customer's account and scrutinise transactions undertaken throughout the course of business relations, to ensure that the transactions are consistent with the bank's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

~~4.226.21~~ A bank shall pay special attention to all complex ~~or~~ unusually large

~~transactions~~ or unusual patterns of transactions, undertaken throughout the course of business relations, that have no apparent or visible economic or lawful purpose.

6.22 For the purposes of ongoing monitoring, a bank shall put in place and implement adequate systems and processes, commensurate with the size and complexity of the bank, to —

(a) monitor its business relations with customers; and

(b) detect and report suspicious, complex, unusually large or unusual patterns of transactions.

4.236.23 A bank shall, to the extent possible, inquire into the background and purpose of the transactions in paragraph 4.226.21 and document its findings with a view to making this information available to the relevant~~competent~~ authorities should the need arise.

4.246.24 A bank shall periodically review the adequacy of customer identification ensure that the CDD data, documents and information obtained in respect of customers, natural persons appointed to act on behalf of the customers, connected parties of the customers and beneficial owners and ensure that of the information is customers, are relevant and kept up-to-date by undertaking reviews of existing CDD data, documents and information, particularly for higher risk categories of customers.

6.25 Where there are any reasonable grounds for suspicion that existing business relations with a customer are connected with money laundering or terrorism financing, and where the bank considers it appropriate to retain the customer —

(a) the bank shall substantiate and document the reasons for retaining the customer; and

(b) the customer's business relations with the bank shall be subject to commensurate risk mitigation measures, including enhanced ongoing monitoring.

6.26 Where the bank assesses the customer or the business relations with the customer referred to in paragraph 6.25 to be of higher risk, the bank shall perform enhanced CDD measures, which shall include obtaining the approval of the bank's senior management to retain the customer.

CDD Measures for Non-Face-to-Face VerificationBusiness Relations

4.256.27 A bank shall put in place~~develop~~ policies and procedures to address any specific risks associated with non-face-to-face business

~~relationships~~relations with a customer or transactions for a customer.

~~4.266.28~~ A bank shall implement the policies and procedures referred to in paragraph ~~4.256.27~~ when establishing business relations with a customer ~~relationships~~ and when conducting ongoing due diligence.

~~4.276.29~~ Where there is no face-to-face contact, the bank shall ~~carry out~~perform CDD measures that are at least as stringent as those that would be required to be performed if there ~~were~~was face-to-face contact.

Reliance by Acquiring Bank on ~~Identification and Verification~~Measures Already Performed

~~4.286.30~~ When a bank (“acquiring bank”) acquires, either in whole or in part, the business of another financial institution (whether in Singapore or elsewhere), the acquiring bank shall perform ~~CDD~~the measures as required by paragraphs 6, 7 and 8, on the customers acquired with the business at the time of acquisition except where the acquiring bank has —

- (a) acquired at the same time all corresponding customer records (including ~~customer identification~~CDD information) and has no doubt or concerns about the veracity or adequacy of the information so acquired; and
- (b) conducted due diligence enquiries that have not raised any doubt on the part of the acquiring bank as to the adequacy of AML/CFT measures previously adopted in relation to the business or part thereof now acquired by the acquiring bank, and document such enquiries.

CDD Measures for Non-Account ~~Holders~~Holder

~~4.296.31~~ A bank that undertakes any transaction of a value exceeding S\$20,000, or effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who does not otherwise have business relations with the bank shall —

- (a) establish and verify the identity of the customer perform CDD measures as if the customer had applied to the bank to establish business relations; and
- (b) record adequate details of the transaction so as to permit the reconstruction of the transaction, including the nature and date of the transaction, the type and amount of currency involved, the value date, and the details of the payee or beneficiary.

~~4.301.1~~ ~~Where a bank suspects that two or more transactions are or may be related, linked or the result of a deliberate restructuring of an otherwise single~~

~~transaction into smaller transactions in order to evade the measures provided for in this Notice, the bank shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.~~

Timing for Verification

~~4.31~~6.32 Subject to ~~paragraph 4.32 of this Notice~~paragraphs 6.33 and 6.34, a bank shall complete verification of the identity of a customer as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b) and beneficial owner~~owners~~ of the customer as required by paragraph 6.14 —

- (a) before the bank establishes business relations;~~or with the customer;~~
- (b) before the bank undertakes any transaction of a value exceeding S\$20,000 for a~~the~~ customer, where the customer does~~has~~ not have~~otherwise established~~ business relations with the bank;~~or~~
- (c) before the bank effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who has not otherwise established business relations with the bank.

~~4.32~~6.33 A bank may establish business relations with a customer before completing the verification of the identity of the customer ~~and beneficial owner~~as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b) and beneficial owners of the customer as required by paragraph 6.14 if —

- (a) the deferral of completion of the verification~~of the identity of the customer and beneficial owner~~ is essential in order not to interrupt the normal conduct of business operations; and
- (b) the risks of money laundering and ~~terrorist~~terrorism financing can be effectively managed by the bank.

6.34 Where the bank establishes business relations with a customer before ~~verification of~~verifying the identity of the customer ~~or as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b), and~~ beneficial ~~owner~~owners of the customer as required by paragraph 6.14, the bank shall —

- (a) develop and implement internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification; and

~~(a)~~(b) complete such verification as soon as is reasonably practicable.

Where ~~CDD~~ Measures are Not Completed

~~4.336.35~~ Where the bank is unable to complete ~~CDD~~the measures as required by paragraphs 6, 7 and 8, it shall ~~terminate the business relationship and not commence or continue business relations with any customer, or undertake any transaction for any customer.~~ The bank shall consider if the circumstances are suspicious so as to warrant the filing of an STR.

~~6.36~~ For the purposes of paragraph 6.35, completion of the measures means the situation where the bank has obtained, screened and verified (including by delayed verification as allowed under paragraphs 6.33 and 6.34) all necessary ~~CDD~~ information under paragraphs 6, 7 and 8, and where the bank has received satisfactory responses to all inquiries in relation to such necessary ~~CDD~~ information.

Joint Account _____

~~4.346.37~~ In the case of a joint account, a bank shall perform CDD measures on all of the joint account holders as if each of them were individually customers of the bank.

Existing Customers

~~4.356.38~~ A bank shall perform ~~such CDD~~the measures as ~~may be appropriate~~required by paragraphs 6, 7 and 8 in relation to its existing customers ~~having regard to, based on~~ its own assessment of materiality and risk, ~~taking into account any previous measures applied, the time when the measures were last applied to such existing customers and the adequacy of data, documents or information obtained.~~

Screening

~~6.39~~ A bank shall screen a customer, natural persons appointed to act on behalf of the customer, connected parties of the customer and beneficial owners of the customer against relevant money laundering and terrorism financing information sources, as well as lists and information provided by the Authority or other relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks in relation to the customer.

~~6.40~~ A bank shall screen the persons referred to in paragraph 6.39 —

~~(a) when, or as soon as reasonably practicable after, the bank establishes business relations with a customer;~~

~~(b) when the bank undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business~~

relations with the bank;

(c) when the bank effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for a customer who has not otherwise established business relations with the bank;

(d) on a periodic basis after the bank establishes business relations with the customer; and

(e) when there are any changes or updates to —

(i) the lists and information provided by the Authority or other relevant authorities in Singapore to the bank; or

(ii) the natural persons appointed to act on behalf of a customer, connected parties of a customer or beneficial owners of a customer.

6.41 A bank shall screen all wire transfer originators and wire transfer beneficiaries as defined in paragraph 11, against lists and information provided by the Authority and any other relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks.

6.42 The results of screening and assessment by the bank shall be documented.

57 SIMPLIFIED CUSTOMER DUE DILIGENCE

5.17.1 Subject to paragraph 5.27.4, a bank may perform such simplified CDD measures as it considers adequate to effectively identify and verify the identity of ~~the~~ customer, ~~any~~ natural person appointed to act on ~~the customer's~~ behalf of the customer and any beneficial owner of the customer (other than any beneficial owner that the bank is exempted from making inquiries about under paragraph 6.16) if it is satisfied that the risks of money laundering and ~~terrorist~~terrorism financing are low.

7.2 ~~No bank~~The assessment of low risks shall be supported by an adequate analysis of risks by the bank.

7.3 The simplified CDD measures shall be commensurate with the level of risk, based on the risk factors identified by the bank.

5.27.4 A bank shall not perform simplified CDD measures in the following circumstances: —

(a) (a) where the customers are from or in countries and jurisdictions where a customer or any beneficial owner of the customer is

from or in a country or jurisdiction in relation to which the FATF has called for countermeasures;

~~(a)(b)~~ where a customer or any beneficial owner of the customer is from or in a country or jurisdiction known to have inadequate AML/CFT measures, as determined by the bank for itself or notified to banks generally by the Authority, ~~or by~~ other foreign regulatory authorities; or
[MAS Notice 626 (Amendment) 2009]

(b)

~~(b)(c)~~ where the bank suspects that money laundering or ~~terrorist~~terrorism financing is involved.

[MAS Notice 626 (Amendment) 2009]

A
~~5.37.5 Subject to paragraphs 7.2, 7.3 and 7.4, a bank may perform simplified CDD measures in relation to a customer that is a financial institution supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence, unless specifically notified by the Authority).~~set out in Appendix 2.

~~5.47.6~~ Where the bank performs simplified CDD measures in relation to a customer, any natural person appointed to act on behalf of the customer and any beneficial owner of the customer, it shall document —

- (a) the details of its risk assessment; and
- (b) the nature of the simplified CDD measures.

68 ENHANCED CUSTOMER DUE DILIGENCE

Politically Exposed Persons

~~6.18.1~~ For the purposes of paragraph 8 —

~~6.21.1~~ For the purposes of paragraph 6 —

“close associate” means a natural person who is closely connected to a politically exposed person ~~means —, either socially or professionally;~~

“domestic politically exposed person” means a natural person who is or has been entrusted domestically with prominent public functions ~~whether;~~

“family member” means a parent, step-parent, child, step-child, adopted child,

spouse, sibling, step-sibling and adopted sibling of the politically exposed person;

“foreign politically exposed person” means a natural person who is or has been entrusted with prominent public functions in Singapore or a foreign country;

[MAS Notice 626 (Amendment) 2009]

(a) — immediate family members of such a person; or

(b)(a) — close associates of such a person.

“international organisation” means an entity established by formal political agreements between member countries that have the status of international treaties, whose existence is recognised by law in member countries and which is not treated as a resident institutional unit of the country in which it is located;

“international organisation politically exposed person” means a natural person who is or has been entrusted with prominent public functions in an international organisation;

“politically exposed person” means a domestic politically exposed person, foreign politically exposed person or international organisation politically exposed person; and

“prominent public functions” includes the roles held by a head of state, a head of government, government ministers, senior civil or public servants, senior judicial or military officials, senior executives of state owned corporations, and senior political party officials, members of the legislature and senior management of international organisations.

6.31.1 A bank shall, in addition to performing CDD measures specified in paragraph 4, perform enhanced CDD measures in relation to politically exposed persons, including but not limited to the following:

6.48.2 A bank shall implement appropriate internal risk management systems, policies, procedures and controls to determine if a customer or, any natural person appointed to act on behalf of the customer, any connected party of the customer or any beneficial owner of the customer is a politically exposed person; or a family member or close associate of a politically exposed person.

8.3 A bank shall, in addition to performing CDD measures (specified in paragraph 6), perform at least the following enhanced CDD measures where a customer or any beneficial owner of the customer is determined by the bank to be a politically exposed person, or a family member or close associate of a politically exposed person under paragraph 8.2:

- (a) obtain approval from the bank's senior management to establish or continue business relations ~~where the customer or a beneficial owner is a politically exposed person or subsequently becomes a politically exposed person;~~with the customer;
- (b) establish, by appropriate and reasonable means, the source of wealth and source of funds of the customer ~~or~~and any beneficial owner of the customer; and
- ~~(c)(a)~~ conduct, during the course of business relations with the customer, enhanced monitoring of business relations with the customer.

Other High Risk Categories

- ~~(c)~~ A In particular, the bank shall perform enhanced CDD measures in paragraph 6.2 for such other categoriesincrease the degree and nature of customers, monitoring of the business relations orwith and transactions as for the customer, in order to determine whether they appear unusual or suspicious.

8.4 A bank may assess to adopt a risk-based approach in determining whether to perform enhanced CDD measures or the extent of enhanced CDD measures to be performed for —

- (a) domestic politically exposed persons, their family members and close associates;
- (b) international organisation politically exposed persons, their family members and close associates; or
- (c) politically exposed persons who have stepped down from their prominent public functions, taking into consideration the level of influence such persons may continue to exercise after stepping down from their prominent public functions, their family members and close associates,

except in cases where their business relations or transactions with the bank present a higher risk for money laundering and terrorist or terrorism financing.

Other Higher Risk Categories

8.5 A bank shall give particular attention implement appropriate internal risk management systems, policies, procedures and controls to determine if business relations and with or transactions with for any person customer present a higher risk for money laundering or terrorism financing.

8.6 For the purposes of paragraph 8.5, circumstances where a customer presents or may present a higher risk for money laundering or terrorism financing include the following:

(a) where a customer or any beneficial owner of the customer is from or in countriesa country or jurisdiction in relation to which the FATF has called for countermeasures, the bank shall treat any business relations with or transactions for any such customer as presenting a higher risk for money laundering or terrorism financing; and jurisdictions

(a)(b) where a customer or any beneficial owner of the customer is from or in a country or jurisdiction known to have inadequate AML/CFT measures, as determined by the bank for itself or notified to banks generally by the Authority or other foreign regulatory authorities, the bank shall assess whether any such customer presents a higher risk for money laundering or terrorism financing.

71 PERFORMANCE OF CDD MEASURES BY INTERMEDIARIES

8.7 A bank shall perform the appropriate enhanced CDD measures in paragraph 8.3 for business relations with or transactions for any customer —

(a) who the bank determines under paragraph 8.5; or

(b) the Authority or other relevant authorities in Singapore notify to the bank, as presenting a higher risk for money laundering or terrorism financing.

8.8 A bank shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the bank or notified to it by the Authority or other relevant authorities in Singapore, ensure that the enhanced CDD measures take into account the requirements of any laws, regulations or directions administered by the Authority, including but not limited to the regulations or directions issued by the Authority under section 27A of the MAS Act.

9 RELIANCE ON THIRD PARTIES

9.1 For the purposes of paragraph 9, “third party” means —

(a) a financial institution set out in Appendix 2;

(b) a financial institution which is subject to and supervised by a foreign authority for compliance with AML/CFT requirements consistent with standards set by the FATF (other than a holder of a money-changer’s

licence or a holder of a remittance licence, or equivalent licences);

(c) in relation to a bank incorporated in Singapore, its branches, subsidiaries, parent entity, the branches and subsidiaries of the parent entity, and other related corporations; or

(d) in relation to a bank incorporated outside Singapore, its head office, its parent entity, the branches and subsidiaries of the head office, the branches and subsidiaries of the parent entity, and other related corporations.

7.19.2 Subject to paragraph 7.29.3, a bank may rely on an intermediary third party to perform the CDD measures in paragraph 4 of this Notice as required by paragraphs 6, 7 and 8 if the following requirements are met:

(a) the bank is satisfied that the intermediary third party it intends to rely upon is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF, and has adequate AML/CFT measures in place to comply with those requirements;

(b) the intermediary the bank takes appropriate steps to identify, assess and understand the money laundering and terrorism financing risks particular to the countries or jurisdictions that the third party operates in;

(b)(c) the third party is not one on which banks have been specifically precluded by the Authority from relying; upon; and

(e)(d) the intermediary third party is able and willing to provide, without delay, upon the bank's request, any document data, documents or information obtained by the intermediary third party with respect to the measures applied on the bank's customer, which the bank would be required or would want to obtain.

[MAS Notice 626 (Amendment) 2009]

7.29.3 No bank shall rely on an intermediary third party to conduct ongoing monitoring of business relations with customers.

7.39.4 Where a bank relies on an intermediary third party to perform the CDD measures as required by paragraphs 6, 7 and 8, it shall: ---

(a) (a) document the basis for its satisfaction that the requirements in paragraph 7.19.2(a) and (b) have been met, except where the intermediary third party is a financial institution supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence); set out in Appendix 2; and

(b)

- (b) immediately obtain from the intermediary third party the CDD information which the intermediary third party had obtained.

7.49.5 For the avoidance of doubt, notwithstanding the reliance upon an intermediary third party, the bank shall remain responsible for its AML/CFT obligations in this Notice.

810 CORRESPONDENT BANKING

8.410.1 Paragraph 810 applies to a bank ~~in Singapore~~ when it provides correspondent banking or other similar services in Singapore to ~~another~~ bank or financial institution that is operating outside Singapore.

8.210.2 For the purposes of paragraph ~~8~~ —

10.3 For the purposes of paragraph 10 —

“correspondent bank” means ~~the~~ bank in Singapore that provides or intends to provide correspondent banking or other similar services ~~in Singapore~~;

“cross-border “correspondent banking” means ~~correspondent the provision of~~ banking services ~~provided to a bank or financial institution that is operating outside Singapore; by a correspondent bank to a respondent bank;~~

“payable-through account” means an account maintained at the correspondent bank by the respondent bank but which is accessible directly by a third party to effect transactions on its own behalf;

“respondent ~~bank~~ financial institution” means ~~the~~ bank or financial institution, outside Singapore to ~~whom~~ which correspondent banking or other similar services ~~in Singapore~~ are provided; ~~and~~

“shell ~~bank~~ financial institution” means a bank or financial institution incorporated, formed or established in a country or jurisdiction where the bank or financial institution has no physical presence and which is unaffiliated ~~to~~ with a ~~regulated~~ financial group ~~that is subject to effective consolidated supervision; and~~

“similar services” include services undertaken for securities transactions or funds transfers, for the financial institution that is operating outside Singapore, whether as principal or for its customers.

8.310.4 A bank in Singapore shall perform the following measures, in addition to CDD

measures, when providing ~~cross-border~~ correspondent banking or other similar services —

- (a) assess the suitability of the respondent bankfinancial institution by taking the following steps:
 - (i) gather adequate information about the respondent bankfinancial institution to understand fully the nature of the respondent bank'sfinancial institution's business, including making appropriate inquiries on its management, its major business activities and the countries or jurisdictions in which it operates;
 - (ii) determine from any available sources the reputation of the respondent bankfinancial institution and, ~~as far as practicable,~~ the quality of supervision over the respondent bankfinancial institution, including ~~where possible~~ whether it has been the subject of money laundering or ~~terrorist~~terrorism financing investigation or regulatory action; and
 - (iii) assess the respondent bank'sfinancial institution's AML/CFT controls and ascertain that they are adequate and effective, having regard to the AML/CFT measures of the country or jurisdiction in which the respondent bankfinancial institution operates;
- (b) clearly understand and document the respective AML/CFT responsibilities of each bankfinancial institution; and
- (c) obtain approval from the bank's senior management ~~to provide new before providing~~ correspondent banking or similar services; to a new financial institution.

8.410.5 Where the ~~cross-border~~correspondent banking or other similar services involve a payable-through account, the correspondent bank shall be satisfied that —

- (a) the respondent bankfinancial institution has performed appropriate ~~CDD~~ measures at least equivalent to those specified in paragraph 46 on the third party having direct access to the payable-through account; and
- (b) the respondent bankfinancial institution is able to perform ongoing monitoring of its business relations with that third party and is willing and able to provide ~~customer—identification~~CDD information to the correspondent bank upon request.

8.510.6 The correspondent bank shall document the basis for its satisfaction that the requirements in paragraphs 810.3 and 810.4 are met.

~~8.610.7~~ ~~No bank in Singapore~~ shall enter into or continue correspondent banking ~~relations~~or other similar services relationship with ~~these~~another bank or financial institution that ~~dedoes~~ not have adequate controls against ~~criminal~~money laundering or terrorism financing activities ~~or that are,~~ is not effectively supervised by the relevant authorities; or is a shell ~~bank~~financial institution.

[MAS Notice 626 (Amendment) 2013]

~~8.710.8~~ A bank shall also take appropriate measures when establishing correspondent banking ~~relations~~or other similar services relationship, to satisfy itself that its respondent ~~banks~~financial institutions do not permit their accounts to be used by shell ~~banks~~financial institutions.

911 WIRE TRANSFERS

~~9.111.1~~ Paragraph 911 shall apply to a bank ~~in Singapore~~ when it effects the sending of funds by wire transfer or when it receives funds (including serial payments and cover payments) by wire transfer on the account of ~~a person~~the wire transfer originator or the wire transfer beneficiary but shall not apply to a transfer and settlement between the bank and another financial institution where the bank and the other financial institution are acting on their own behalf as the wire transfer originator and the wire transfer beneficiary ~~institution~~.

~~9.211.2~~ For the purposes of paragraph 911 —

~~“beneficiary institution” means the financial institution that receives the funds on the account of the wire transfer beneficiary;~~

~~“cross-border wire”~~“batch transfer” means a transfer comprising a number of individual wire transfers that are sent by a wire transfer where ~~originator to the same financial institutions, irrespective of whether the individual wire transfers are intended ultimately for one or more wire transfer beneficiaries;~~

~~“cover payment” means a wire transfer that combines a payment message sent directly by the ordering institution to the beneficiary institution with the routing of the funding instruction from the ordering institution and to the beneficiary institution are in different countries or jurisdictions through one or more intermediary institutions;~~

~~“intermediary institution” means the financial institution that is an intermediary in the wire transfer in a serial payment or cover payment chain;~~

~~“ordering institution” means the financial institution that acts on the instructions of the wire transfer originator in sending the funds;~~

~~“that receives and transmits a wire transfer beneficiary” means the person to~~

~~whom or for whose benefit the funds are sent; and~~ on behalf of the ordering institution and the beneficiary institution, or another intermediary institution;

“serial payment” means a direct sequential chain of payment where the wire transfer and accompanying payment message travel together from the ordering institution to the beneficiary institution, directly or through one or more intermediary institutions;

“straight-through processing” means payment transactions that are conducted electronically without the need for manual intervention;

“unique transaction reference number” means a combination of letters, numbers or symbols, determined by the payment service provider in accordance with the protocols of the payment and settlement system or messaging system used for the wire transfer, and which permits the traceability of the wire transfer;

“wire transfer beneficiary” means the natural person, legal person or legal arrangement who is identified by the wire transfer originator—~~means as the person who initiates receiver of the sending of wire transfer funds; and~~

“wire transfer originator” means the account holder who allows the wire transfer from that account, or where there is no account, the natural person, legal person or legal arrangement that places the wire transfer order with the ordering institution to perform the wire transfer.

Responsibility of the Ordering Institution

(I) Identification and Recording of Information

~~9.311.3~~ Before effecting a wire transfer, every bank that is an ordering institution shall

(a) identify the wire transfer originator and verify his or its identity, as the case may be (if the bank has not already done so by virtue of paragraph 46); and

(b) ~~record adequate~~ details of the wire transfer so as to permit its reconstruction, including at least but not limited to, the date of the wire transfer, the type and amount of currency involved, transferred and the value date ~~and the details of the wire transfer beneficiary and the beneficiary institution.~~

(II) Cross-border Wire Transfers ~~Exceeding~~ Below or Equal To S\$2,000 ~~1,500~~

~~9.411.4~~ In a cross-border wire transfer where the amount to be transferred ~~exceeds~~ is below or equal to S\$2,000 ~~1,500~~, every bank which is an ordering institution shall

include in the message or payment instruction that accompanies or relates to the wire transfer the following:

- (a) the name of the wire transfer originator;
- (b) the wire transfer originator's account number (or unique transaction reference number assigned by the ordering institution where no account number exists); ~~and~~
- (c) the name of the wire transfer beneficiary; and
- (d) the wire transfer beneficiary's account number (or unique transaction reference number where no account number exists).

(III) Cross-border Wire Transfers Exceeding S\$1,500

11.5 In a cross-border wire transfer where the amount to be transferred exceeds S\$1,500, every bank which is an ordering institution shall include in the message or payment instruction that accompanies or relates to the wire transfer the information required by paragraph 11.4(a) to 11.4(d) and any of the following:

- (a) the wire transfer originator's —
 - (i) residential address~~;~~ or
 - (ii) registered or business address, and if different, principal place of business,as may be appropriate;
- (b) the wire transfer originator's unique identification number~~, or~~ (such as an identity card number, birth certificate number or passport number, or where the wire transfer originator is not a natural person, the incorporation number or business registration number); or
- ~~(b)~~(c) the date and place of birth~~;~~, incorporation or registration of the wire transfer originator (as may be appropriate).

11.6 Where several individual cross-border wire transfers from a single wire transfer originator are bundled in a batch file for transmission to wire transfer beneficiaries, a bank shall ensure that the batch transfer file contains —

- (a) the wire transfer originator information required by paragraph 11.5²¹ and

²¹ Please note the references to paragraph 11.4(a) and (b) in paragraph 11.5.

which has been verified; and

(b) the wire transfer beneficiary information required by paragraph 11.5²²,
which are fully traceable within the beneficiary country.

(IV) Domestic Wire Transfers

9.511.7 In a domestic wire transfer, every bank that is an ordering institution shall either —

(a) include in the message or payment instruction that accompanies or relates to the wire transfer all the following:

(i) the name of the wire transfer originator information required to be included as if the;

(ii) the wire transfer originator's account number (or unique transaction had been reference number where no account number exists); and

(iii) any of the following:

(A) the wire transfer originator's:

(1) residential address; or

(2) registered or business address, and if different, principal place of business,

as may be appropriate;

(A)(B) the wire transfer originator's unique national identification number (such as an identity card number, birth certificate number or passport number, or where the wire transfer originator is not a cross-border wire transfer exceeding S\$2,000; or natural person, the incorporation number or business registration number);

(C) the date and place of birth, incorporation or registration of the wire transfer originator (as may be appropriate); or

(b) include only the wire transfer originator's account number (or unique transaction reference number where no account number exists) but be in a position to make), provided —

²² Please note the references to paragraph 11.4(c) and (d) in paragraph 11.5.

- (i) that these details will permit the ~~remaining~~ transaction to be traced back to the wire transfer originator and wire transfer beneficiary;
- (ii) the ordering institution shall provide the wire transfer originator information ~~available~~ set out in paragraph 11.7(a) within 3 working business days of a request being made for such information by the beneficiary institution, by the Authority or other relevant authorities in Singapore; and
- (iii) the ordering institution shall provide the wire transfer originator information set out in paragraph 11.7(a) immediately upon request for such information by law enforcement authorities in Singapore.

11.8 All wire transfer originator and beneficiary information collected by the ordering institution shall be documented.

~~9.6~~ 11.9 Where the ordering institution is unable to comply with the requirements in paragraphs 11.3 to 11.8, it shall not execute the wire transfer.

Responsibility of the Beneficiary Institution

11.10 A bank that is a beneficiary institution shall take reasonable measures, including post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers that lack the required wire transfer originator or required wire transfer beneficiary information.

11.11 For cross-border wire transfers, a beneficiary institution shall identify and verify the identity of the wire transfer beneficiary if the identity has not been previously verified.

~~9.7~~ 11.12 A bank that is a beneficiary institution shall implement appropriate internal risk-based policies, procedures and controls for identifying and handling in-coming wire transfers that are not accompanied by complete originator information. determining —

(a) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and

(b) the appropriate follow-up action.

Responsibility of the Intermediary Institution

11.13 A bank that is an intermediary institution shall, ~~in passing onward the message or payment instruction, maintain~~ retain all the required wire transfer originator

and wire transfer beneficiary information accompanying the wire transfer.

9.811.14 Where technical limitations prevent the required wire transfer originator or wire transfer beneficiary information accompanying a cross-border wire transfer from remaining with the wire transfer a related domestic wire transfer, a record shall be kept, for at least five years, by the receiving intermediary institution of all the information received from the ordering institution or another intermediary institution.

11.15 An intermediary institution shall take reasonable measures, which are consistent with straight-through processing, to identify cross-border wire transfers that lack the required wire transfer originator or wire transfer beneficiary information.

11.16 An intermediary institution shall implement appropriate internal risk-based policies, procedures and controls for determining —

(a) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and

(b) the appropriate follow-up action.

4012 RECORD KEEPING

12.1 A bank shall, in relation to all data, documents and information that the bank is required to obtain or produce to meet the requirements under this Notice, prepare, maintain and retain documentation on all its business relations and transactions with its customers records of such data, documents and information.

40.112.2 A bank shall perform the measures as required by paragraph 12.1 such that —

(a) all requirements imposed by law (including this Notice) are met;

(b) any individual transaction undertaken by the bank can be reconstructed (including the amount and type of currency involved) so as to provide, if necessary, evidence for prosecution of criminal activity;

(c) the Authority or other relevant ~~competent~~ authorities in Singapore and the internal and external auditors of the bank are able to review the bank's business relations, transactions, records and CDD information and assess the level of compliance with this Notice; and

(d) the bank can satisfy, within a reasonable time or any more specific time period imposed by law or by the requesting authority, any enquiry or order from the relevant ~~competent~~ authorities in Singapore for

information.

~~40.2~~12.3 Subject to paragraph ~~40.4~~12.5 and any other requirements imposed by law, a bank shall, for the purposes of record retention under paragraphs 12.1 and 12.2, and when setting its record retention policies, comply with the following ~~document~~record retention periods:

~~(a) — a period of at least 5 years following the termination of business relations for customer identification for CDD information, and other documents relating to the establishment of business relations, wire transfers and transactions undertaken without an account being opened, as well as account files and, business correspondence; and~~

~~(a) — results of any analysis undertaken, a period of at least 5 years following the termination of such business relations or completion of the transaction for records such wire transfers or transactions; and~~

(b) for data, documents and information relating to a transaction, including any information needed to explain and reconstruct the transaction, ~~—, a period of at least 5 years following the completion of the transaction.~~

~~40.3~~12.4 A bank may retain data, documents and information as originals or copies, in paper or electronic form or on microfilm, provided that they are admissible as evidence in a Singapore court of law.

~~40.4~~12.5 ~~A bank shall retain records of data, documents and information on all its business relations with or transactions for a customer pertaining to a matter which is under investigation or which has been the subject of an STR for such longer period as may be necessary, in accordance with any request or order from STRO or from other relevant competent authorities in Singapore.~~

~~41~~13 **PERSONAL DATA**

13.1 For the purposes of paragraph 13, “individual” means a natural person, whether living or deceased.

13.2 Subject to paragraph 13.3 and for the purposes of complying with this Notice, a bank shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with —

(a) any access to personal data about the individual that is in the possession or under the control of the bank;

(b) any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the bank; and

(c) any right to correct an error or omission of the personal data about the individual that is in the possession or under the control of the bank.

13.3 A bank shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to —

(a) access the following types of personal data of that individual, that is in the possession or under the control of the bank:

(i) his full name, including any alias;

(ii) his unique identification number (such as an identity card number, birth certificate number or passport number);

(iii) his residential address;

(iv) his date of birth;

(v) his nationality;

(vi) subject to section 21(2) and (3) read with the Fifth Schedule to the Personal Data Protection Act 2012 (Act 26 of 2012), any other personal data of the respective individual provided by that individual to the bank; and

(b) subject to section 22(7) read with the Sixth Schedule to the Personal Data Protection Act, correct an error or omission in relation to the types of personal data set out in subparagraphs (a)(i) to (vi), provided the bank is satisfied that there are reasonable grounds for such request.

11.113.4 For the purposes of complying with this Notice, a bank may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, without the respective individual's consent.

1214 SUSPICIOUS TRANSACTIONS REPORTING

12.114.1 A bank shall keep in mind the provisions in the ~~Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act~~CDSA²³ and in the ~~Terrorism (Suppression of Financing) Act (Cap. 325)~~TSOFA that provide for the reporting to the ~~competent~~ authorities of transactions suspected of being connected with money laundering or ~~terrorist~~terrorism financing, and implement appropriate internal policies, procedures and controls for meeting its obligations under the law, including the following:

- (a) establish a single reference point within the organisation to whom all employees and officers are instructed to promptly refer all transactions suspected of being connected with money-laundering or ~~terrorist~~terrorism financing, for possible referral to STRO via STRs; and
- (b) keep records of all transactions referred to STRO, together with all internal findings and analysis done in relation to them.

[MAS Notice 626 (Amendment) 2013]

12.214.2 A bank shall promptly submit reports on suspicious transactions (including attempted transactions), regardless of the amount of the transaction, to STRO, and extend a copy to the Authority for information.

12.314.3 A bank shall consider if the circumstances are suspicious so as to warrant the filing of an STR and document the basis for its determination, including where —

- (a) the bank is for any reason unable to complete ~~CDD~~the measures as required by paragraphs 6, 7 and 8; or
- (b) the customer is reluctant, unable or unwilling to provide any information requested by the bank, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

14.4 Where a bank forms a suspicion of money laundering or terrorism financing, and reasonably believes that performing any of the measures as required by paragraphs 6, 7 or 8 will tip-off a customer, a natural person appointed to act on behalf of the customer, a connected party of the customer or a beneficial owner of the customer, the bank may stop performing those measures. The bank shall document the basis for its assessment and file an STR.

²³ Please note in particular section 48 of the ~~Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act~~CDSA on tipping-off.

4315 INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING

~~13.1~~15.1 A bank shall develop and implement adequate internal policies, procedures and controls, taking into consideration its money laundering and terrorism financing risks and the size of its business, to help prevent money laundering and ~~terrorist~~terrorism financing and communicate these to its employees.

~~13.21.1~~The policies, procedures and controls shall include, amongst other things, CDD measures, record retention, the detection of unusual and/or suspicious transactions and the obligation to make suspicious transaction reports.

meet all requirements

~~13.3~~15.2 A bank shall take ~~into consideration money laundering and terrorist financing threats that may arise from the use of new or developing technologies, especially those that favour anonymity, in formulating its policies, procedures and controls~~this Notice.

Group Policy

~~15.3~~ A bank that is ~~For the purposes of paragraphs 15.4 to 15.9, a reference to bank~~means a bank incorporated in Singapore.

~~13.4~~15.4 A bank shall develop a group policy on AML/CFT to meet all requirements of this Notice and extend this to all of its branches and subsidiaries ~~outside Singapore~~in its financial group.

~~15.5~~ Where a bank has a branch or subsidiary in a host country or jurisdiction —

(a) in relation to which the FATF has called for countermeasures; or

(b) known to have inadequate AML/CFT measures~~(, as determined by the bank for itself or, notified to banks generally by the Authority or by other foreign regulatory authorities),~~

the bank shall ensure that its group policy on AML/CFT is strictly observed by the management of that branch or subsidiary.

~~15.6~~ Subject to the bank putting in place adequate safeguards to protect the confidentiality and use of any information that is shared, the bank shall develop and implement group policies and procedures for its branches and subsidiaries within the financial group, to share information required for the purposes of CDD and for money laundering and terrorism financing risk management, to the extent permitted by the law of the countries or jurisdictions that its branches and subsidiaries are in.

~~15.7~~ Such policies and procedures shall include the provision, to the bank's group-level compliance, audit, and AML/CFT functions, of customer, account, and

transaction information from its branches and subsidiaries within the financial group, when necessary for money laundering and terrorism financing risk management purposes.

~~13.5~~15.8 Where the AML/CFT requirements in the host country or jurisdiction differ from those in Singapore, the bank shall require that the overseas branch or subsidiary apply the higher of the two standards, to the extent that the law of the host country or jurisdiction so permits.

~~13.6~~15.9 Where the law of the host country or jurisdiction conflicts with Singapore law such that the overseas branch or subsidiary is unable to fully observe the higher standard, ~~the bank's head office shall~~bank shall apply additional appropriate measures to manage the money laundering and terrorism financing risks, report this to the Authority and comply with such further directions as may be given by the Authority.

Compliance

~~13.7~~15.10 A bank shall develop appropriate compliance management arrangements, including at least, the appointment of ~~a management level officer as the~~an AML/CFT compliance officer at the management level.

~~13.8~~15.11 ~~A bank shall ensure that the AML/CFT compliance officer, as well as any other persons appointed to assist him, has~~is suitably qualified and, has adequate resources and timely access to all customer records and other relevant information which ~~they require~~he requires to discharge ~~their~~his functions.

Audit

~~13.9~~15.12 A bank shall maintain an audit function that is adequately resourced and independent, and ~~which will be~~that is able to regularly assess the effectiveness of the bank's internal policies, procedures and controls, and its compliance with regulatory requirements.

Employee Hiring

~~13.10~~15.13 A bank shall have in place screening procedures to ensure high standards when hiring employees and appointing officers.

Training

~~13.11~~15.14 A bank shall take all appropriate steps to ensure that its employees and officers ²⁴ (whether in Singapore or ~~overseas~~elsewhere) are regularly and

²⁴ ~~"Officer"~~

appropriately trained on —

- (a) AML/CFT laws and regulations, and in particular, CDD measures, detecting and reporting of suspicious transactions;
- (b) prevailing techniques, methods and trends in money laundering and ~~terrorist~~terrorism financing; and
- (c) the bank's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of employees and officers in combating money laundering and ~~terrorist~~terrorism financing.

[MAS Notice 626 (Amendment) 2013]

1416 PERSONAL DATA

13.1 — ~~For the purposes of paragraph 13 —~~

~~(a) — “personal data” has the same meaning as defined in section 2(1) of the Personal Data Protection Act (Cap. 26);~~

~~(b)(a) — “individual” means a natural person, whether living or deceased; and~~

~~(c)(a) — “connected party” —~~

~~(i) in relation to a company, means any director or any natural person having executive authority in the company;~~

~~(ii) in relation to a partnership, a limited partnership within the meaning of the Limited Partnerships Act (Cap. 163B) or a limited liability partnership within the meaning of the Limited Liability Partnerships Act (Cap. 163A), means any partner or manager; and~~

~~(iii) in relation to any other body corporate or unincorporate, means any natural person having executive authority in such body corporate or unincorporate, where applicable.~~

13.2 — ~~Subject to paragraph 13.3 and for the purposes of complying with this Notice, a bank shall not be required to provide an individual customer, an individual~~

~~(a) in relation to a licensee that is a body corporate (other than a limited liability partnership), means any director or any member of the committee of management of the body corporate;~~

~~(b)(a) — in relation to a licensee that is a partnership (including a limited liability partnership), means any partner and manager (in the case of a limited liability partnership); and~~

~~(c)(a) — in relation to a licensee that is a body unincorporate (other than a partnership), means any member of the committee of management of the body unincorporate,~~

~~where applicable.~~

~~appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with:~~

~~(b)(d) any access to personal data about the individual that is in the possession or under the control of the bank;~~

~~(c)(a) any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the bank; and~~

~~(d)(a) any right to correct an error or omission of the personal data about the individual that is in the possession of or under the control of the bank.~~

~~13.3 A bank shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to:~~

~~(a) access the following types of personal data of that individual, that is in the possession or under the control of the bank:~~

~~(ii)(vii) his full name, including any alias;~~

~~i. his unique identification number (such as an identity card number, birth certificate number or passport number);~~

~~ii.i. his existing residential address and contact telephone number(s);~~

~~iii.i. his date of birth;~~

~~iv.i. his nationality;~~

~~v.i. subject to section 21(2) and (3) read with the Fifth Schedule to the Personal Data Protection Act, any other personal data of the respective individual provided by that individual to the bank; and~~

~~(b)(a) subject to section 22(7) and the Sixth Schedule to the Personal Data Protection Act, correct an error or omission in relation to the types of personal data set out in paragraphs (a)(i) to (vi), provided the bank is satisfied that there are reasonable grounds for such request.~~

~~14.116.1 13.4 For the purposes of complying with this Notice, a bank may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer,~~

~~an individual connected party of a customer or an individual beneficial owner of a customer, without the respective individual's consent.~~

~~[MAS Notice 626 (Amendment) 2014]~~

Endnotes on History of Amendments

1. MAS Notice 626 dated 2 July 2007 with effect from 2 July 2007.
 - (a) MAS Notice 626 (Amendment) 2009 ~~dated with effect from~~ 3 July 2009.
 - (b) MAS Notice 626 (Amendment) 2009 with effect from 2 December 2009.
 - (c) MAS Notice 626 (Amendment) 2013 ~~dated with effect from~~ 23 January 2013.
 - (d) MAS Notice 626 (Amendment) 2014 ~~dated with effect from~~ 1 July 2014.
2. MAS Notice 626 dated 2 July 2007 cancelled with effect from 24 May 2015.
3. MAS Notice 626 dated 24 April 2015 with effect from 24 May 2015.

Appendix 1

1. Financial institutions that are licensed, approved, registered (including a fund management company registered under paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10)) or regulated by the Authority but do not include □
 - (a) holders of stored value facilities, as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A); and
 - (b) a person (other than a person referred to in paragraphs 2 and 3) who is exempted from licensing, approval or regulation by the Authority under any Act administrated by the Authority, including a private trust company exempted from licensing under section 15 of the Trust Companies Act (Cap. 336) read with regulation 4 of the Trust Companies (Exemption) Regulations (Rg. 1).
2. Persons exempted under section 23(1)(f) of the Financial Advisers Act (Cap. 110) read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg. 2).
3. Persons exempted under section 99(1)(h) of the Securities and Futures Act (Cap. 289) read with paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations.

Note: For the avoidance of doubt, the financial institutions set out in Appendix 2 fall within Appendix 1.

Appendix 2

1. Banks in Singapore licensed under section 7 of the Banking Act (Cap.19).
2. Merchant banks approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186).
3. Finance companies licensed under section 6 of the Finance Companies Act (Cap. 108).
4. Financial advisers licensed under section 6 of the Financial Advisers Act (Cap. 110) except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.
5. Holders of a capital markets services licence under section 82 of the Securities and Futures Act (Cap. 289).
6. Fund management companies registered under paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10).
7. Persons exempted under section 23(1)(f) of the Financial Advisers Act read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg. 2) except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.
8. Persons exempted under section 99(1)(h) of the Securities and Futures Act read with paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations.
9. Approved trustees approved under section 289 of the Securities and Futures Act.
10. Trust companies licensed under section 5 of the Trust Companies Act (Cap. 336).
11. Direct life insurers licensed under section 8 of the Insurance Act (Cap. 142).
12. Insurance brokers registered under the Insurance Act which, by virtue of such registration, are exempted under section 23(1)(c) of the Financial Advisers Act except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.

MAS NOTICE 824 (Tracked Changes)

MAS Notice 824

2 July 2007

Last revised on 1 July 2014

(Refer to endnotes for history of amendments)

24 April 2015

NOTICE TO FINANCE COMPANIES

MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM – FINANCE COMPANIES

1

1 INTRODUCTION

1.1 This Notice is issued pursuant to section 27B of the Monetary Authority of Singapore Act (Cap. 186) ("MAS Act") and applies to all finance companies in Singapore, as licensed under section 6~~(4)~~ of the Finance Companies Act (Cap. 108~~7~~) ("FCA").

~~1.2 This Notice shall take immediate effect.~~

2 1.2 Except for paragraphs 4, 5, 15.6 and 15.7, this Notice shall take effect from 24 May 2015. Paragraphs 4, 5, 15.6 and 15.7 shall take effect from 24 July 2015. MAS Notice 824 dated 2 July 2007 is cancelled with effect from 24 May 2015.

2 DEFINITIONS

2.1 For the purposes of this Notice —

"AML/CFT" means anti-money laundering and countering the financing of terrorism;

"Authority" means the Monetary Authority of Singapore;

"beneficial owner", in relation to a customer of a finance company, means the natural person who ultimately owns or controls athe customer or the natural person on whose behalf a transaction is being-conducted or business relations

are established, and includes ~~the~~any person who exercises ultimate effective control over a ~~body corporate or unincorporate; legal person or legal arrangement;~~

“beneficiary institution” means the financial institution that receives the wire transfer from the ordering institution, directly or through an intermediary institution, and makes the funds available to the wire transfer beneficiary;

“business relations” means —

(c) ~~the opening or maintenance of an account~~ by the finance company in the name of ~~a person and; or~~

(d) ~~the undertakingprovision~~ of ~~transactionsfinancial advice~~ by the finance company ~~for that to.~~

a person ~~(whether a natural person on that account; , legal person or legal arrangement);~~

~~“company” includes a body corporate formed or established outside Singapore under the law of the country or jurisdiction;~~

“CDD measures” or “customer due diligence measures” means the ~~process of identifying the customer and obtaining information~~measures required by paragraph ~~46;~~

“CDSA” means the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A);

“connected party” —

(d) ~~in relation to a legal person (other than a partnership), means any director or any natural person having executive authority in the legal person;~~

(e) ~~in relation to a legal person that is a partnership, means any partner or manager²⁵; and~~

(f) ~~in relation to a legal arrangement, means any natural person having executive authority in the legal arrangement;~~

“cross-border wire transfer” means a wire transfer where the ordering institution and the beneficiary institution are located in different countries or jurisdictions and also refers to any chain of wire transfer in which at least one of the financial

²⁵ In the case of a limited liability partnership or a limited partnership.

institutions involved is located in a different country or jurisdiction;

“customer”, in relation to a finance company, means a person in whose name an account is opened or intended to be opened, or (whether a natural person, legal person or legal arrangement) —

(c) with whom the finance company establishes or intends to establish business relations; or

(b)(d) for whom the finance company undertakes or intends to undertake any transaction without an account being opened;

“domestic wire transfer” means a wire transfer where the ordering institution and beneficiary institution are located in the same country or jurisdiction and also refers to any chain of wire transfer that takes place entirely within a country, even though the system used to transfer the payment message may be located in another country or jurisdiction;

“FATF” means the Financial Action Task Force;

“finance company” means a finance company licensed under section 6 of the FCA;

“financial advice” means a financial advisory service as defined in section 2(1) of the Finance Companies Financial Advisers Act (Cap. 408110) or advising on corporate finance as defined in section 2(1) of the Securities and Futures Act (Cap. 289);

“financial group” means a group that consists of a legal person or legal arrangement exercising control and coordinating functions over the rest of the group, and its branches and subsidiaries that are financial institutions as defined in section 27A(6) of the MAS Act or the equivalent financial institutions outside Singapore;

“government entity” means a government of a country or jurisdiction, a ministry within such a government, or an agency specially established by such a government through written law;

“legal arrangement” means a trust or other similar arrangement;

“legal person” means an entity other than a natural person that can establish a permanent customer relationship with a financial institution or otherwise own property;

“officer” means any director or any member of the committee of management of the finance company;

“ordering institution” means the financial institution that initiates the wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the wire transfer originator;

“partnership” means a partnership, a limited partnership within the meaning of the Limited Partnerships Act (Cap. 163B) or a limited liability partnership within the meaning of the Limited Liability Partnerships Act (Cap. 163A);

“personal data” has the same meaning as defined in section 2(1) of the Personal Data Protection Act 2012 (Act 26 of 2012);

“reasonable measures” means appropriate measures which are commensurate with the money laundering or terrorism financing risks;

“STR” means suspicious transaction report; ~~and~~

“STRO” means the Suspicious Transactions Transaction Reporting Office, Commercial Affairs Department of the Singapore Police Force;

“TSOFA” means the Terrorism (Suppression of Financing) Act (Cap. 325); and

“wire transfer” refers to any transaction carried out on behalf of a wire transfer originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary person at a beneficiary institution, irrespective of whether the originator and the beneficiary are the same person.

2.2 A reference to any threshold or value limit expressed in S\$ shall include a reference to the equivalent amount expressed in any other currency.

~~2.1 A reference to the completion of CDD measures is a reference to the situation when the finance company has received satisfactory responses to all inquiries.~~

2.3 ~~Unless~~The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, ~~a reference to a financial institution supervised by the Authority does not include a person who is exempted from licensing, approval or regulation by the Authority~~have the same meanings as in the FCA.

3

3 UNDERLYING PRINCIPLES

3.1 This Notice is based on the following principles, which shall serve as a guide for all finance companies in the conduct of their operations and business activities:

(d) A finance company ~~must~~shall exercise due diligence when dealing with customers, natural persons appointed to act on the customer’s behalf.

connected parties of the customer and beneficial owners of the customer.

- (e) ~~A~~ finance company ~~must~~shall conduct its business in conformity with high ethical standards, and guard against establishing any business relations or undertaking any transaction, that is or may be connected with or may facilitate money laundering or ~~terrorist~~terrorism financing.
- (f) A finance company ~~should, whenever possible and~~shall, to the fullest extent possible, assist and cooperate with the relevant law enforcement authorities in Singapore ~~in preventing~~to prevent money laundering and ~~terrorist~~terrorism financing.

4 ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH

Risk Assessment

4.1 A finance company shall take appropriate steps to identify, assess and understand, its money laundering and terrorism financing risks in relation to —

- (e) its customers;
- (f) the countries or jurisdictions its customers are from or in;
- (g) the countries or jurisdictions the finance company has operations in; and
- (h) the products, services, transactions and delivery channels of the finance company.

4.2 The appropriate steps referred to in paragraph 4.1 shall include —

- (e) documenting the finance company's risk assessments;
- (f) considering all the relevant risk factors before determining the level of overall risk and the appropriate type and extent of mitigation to be applied;
- (g) keeping the finance company's risk assessments up-to-date; and
- (h) having appropriate mechanisms to provide its risk assessment information to the Authority.

Risk Mitigation

4.3 A finance company shall —

- (e) develop and implement policies, procedures and controls, which are

approved by senior management, to enable the finance company to effectively manage and mitigate the risks that have been identified by the finance company or notified to it by the Authority or other relevant authorities in Singapore;

(f) monitor the implementation of those policies, procedures and controls, and enhance them if necessary;

(g) perform enhanced measures where higher risks are identified, to effectively manage and mitigate those higher risks; and

(h) ensure that the performance of measures or enhanced measures to effectively manage and mitigate the identified risks address the risk assessment and guidance from the Authority or other relevant authorities in Singapore.

5 NEW PRODUCTS, PRACTICES AND TECHNOLOGIES

5.1 A finance company shall identify and assess the money laundering and terrorism financing risks that may arise in relation to —

(c) the development of new products and new business practices, including new delivery mechanisms; and

(d) the use of new or developing technologies for both new and pre-existing products.

5.2 A finance company shall undertake the risk assessments, prior to the launch or use of such products, practices and technologies (to the extent such use is permitted by this Notice), and shall take appropriate measures to manage and mitigate the risks.

5.3 A finance company shall, in complying with the requirements of paragraphs 5.1 and 5.2, pay special attention to any —

(c) new products and new business practices, including new delivery mechanisms; and

(d) new or developing technologies,

that favour anonymity.

46 CUSTOMER DUE DILIGENCE (“CDD”)

Anonymous or Fictitious Account

4.16.1 No finance company shall open or maintain an anonymous ~~accounts~~account or ~~accounts~~an account in a fictitious ~~names~~name.

Where There Are Reasonable Grounds for Suspicion prior to the Establishment of Business Relations or Undertaking any Transaction without opening an Account

6.2 Prior to a finance company establishing business relations or undertaking any transaction without opening an account, where the finance company has any reasonable grounds to suspect that the assets or funds of a customer are proceeds of drug dealing or criminal conduct as defined in the CDSA, or are property related to the facilitation or carrying out of any terrorism financing offence as defined in the TSOFA, the finance company shall —

(c) not establish business relations with, or undertake a transaction for, the customer; and

(d) file an STR²⁶, and extend a copy to the Authority for information.

When CDD ~~Measures are~~ to be Performed

4.26.3 A finance company shall perform ~~CDD~~the measures ~~in accordance with this Notice~~as required by paragraphs 6, 7 and 8 when —

~~(e)~~(f) the finance company establishes business relations with any customer;

~~(f)~~(g) the finance company undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the finance company;

(h) the finance company effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who has not otherwise established business relations with the finance company;

~~(g)~~(i) there is a suspicion of money laundering or ~~terrorist~~terrorism financing, notwithstanding that the finance company would not otherwise ~~not~~ be required by this Notice to perform ~~CDD~~the measures as required by paragraphs 6, 7 and 8; or

~~(h)~~(j) the finance company has doubts about the veracity or adequacy of any

²⁶ Please note in particular section 48 of the CDSA on tipping-off.

information previously obtained.

~~CDD Measures where Business Relations are Established~~

~~6.4~~ Where a finance company suspects that two or more transactions are or may be related, linked or the result of a deliberate restructuring of an otherwise single transaction into smaller transactions in order to evade the measures provided for in this Notice in relation to the circumstances set out in paragraphs 6.3(b) or (c), the finance company shall treat the transactions as a single transaction and aggregate their values for the purposes of this Notice.

(l) Identification of ~~Customers~~Customer

~~4.36.5~~ A finance company shall identify each customer ~~who applies to the finance company to establish business relations.~~

~~4.46.6~~ For the ~~purpose~~purposes of paragraph ~~4.36.5~~, a finance company shall obtain ~~and record information of the customer, including but not limited to at least~~ the following information:

~~(e)(f)~~ Full name, including any aliases;

~~(f)(g)~~ Unique identification number (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number);

~~(h)~~ Existing the customer's –

~~(iii)~~ residential address; or

~~(iv)~~ registered or business address ~~(, and if different, principal place of business,~~

as may be appropriate) ~~and contact telephone number(s);~~

~~(g)(i)~~ Dated date of birth, establishment, incorporation or registration (as may be appropriate); and

~~(h)(i)~~ Nationality or nationality, place of incorporation or place of registration (as may be appropriate).

~~4.56.7~~ Where the customer is a company legal person or legal arrangement, the finance company shall, apart from identifying the customer, also identify the ~~directors of the company~~ legal form, constitution and powers that regulate and bind the legal person or legal arrangement.

~~3.1 Where the customer is a partnership legal person or a limited liability partnership legal arrangement, the finance company shall, apart from identifying the customer, also identify the partners.~~

connected parties of

~~4.66.8 Where the customer is any other body corporate or unincorporate, by obtaining at least the finance company shall, apart from identifying the customer, also identify the persons having executive authority in that body corporate or unincorporate following information of each connected party:~~

~~(a) full name, including any aliases; and~~

~~(b) unique identification number (such as an identity card number, birth certificate number or passport number of the connected party).~~

(II) Verification of Identity of Customer

~~3.23.1 A finance company shall verify the identity of the customer using reliable, independent sources.~~

~~4.76.9 A finance company shall retain copies of all reference source data, documents used to verify the identity of the customer or information. Where the customer is a legal person or legal arrangement, a finance company shall verify the legal form, proof of existence, constitution and powers that regulate and bind the customer, using reliable, independent source data, documents or information.~~

(III) Identification and Verification of Identity of Natural ~~Persons~~ Person Appointed to Act on ~~the~~ Customer's Behalf

~~4.86.10 Where ~~the~~a customer appoints one or more natural persons to act on his behalf in establishing business relations with ~~the~~a finance company or the customer is not a natural person, ~~a~~the finance company shall —~~

~~(c) identify ~~the~~each natural persons that act person who acts or are is appointed to act on behalf of the customer;— by obtaining at least the following information of such natural person:~~

~~(i) verify the full name, including any aliases;~~

~~(ii) unique identification number (such as an identity card number, birth certificate number or passport number);~~

~~(iii) residential address;~~

~~(iv) date of these persons birth;~~

~~(v) nationality; and~~

(d) verify the identity of each natural person using reliable, independent ~~sources; and~~ source data, documents or information.

~~(a) retain copies of all reference documents used to verify the identity of these persons.~~

~~4.96.11~~ A finance company shall verify the due authority of ~~such person~~ each natural person appointed to act on behalf of the customer by obtaining at least the customer following:

~~3.33.1~~ ~~A finance company shall verify the due authority of such persons to act by obtaining, including but not limited to the following:~~

(c) the appropriate documentary evidence ~~that~~ authorising the appointment of such natural person by the customer ~~has appointed the persons~~ to act on his or its behalf; and

(d) the specimen ~~signature~~ signature of ~~the persons~~ such natural person appointed.

~~4.106.12~~ Where the customer is a Singapore ~~government~~ Government entity, the finance company shall only be required to obtain such information as may be required to confirm that the customer is a Singapore ~~government~~ Government entity as asserted.

(IV) Identification and Verification of Identity of Beneficial Owners ~~Owner~~

~~4.116.13~~ Subject to paragraph ~~4.176.16~~, a finance company shall inquire if there exists any beneficial owner in relation to a customer.

~~4.126.14~~ ~~Where there is one or more beneficial owner in relation to~~ a customer, the finance company shall identify the beneficial owners and take reasonable measures to ~~obtain information sufficient to identify and verify the identity~~ identities of the beneficial ~~owner~~ owners using the relevant information or data obtained from reliable, independent sources. The finance company shall

~~(c) for customers that are legal persons —~~

~~(i) identify the natural persons (whether acting alone or together) who ultimately own the legal person;~~

~~(ii) to the extent that there is doubt under subparagraph (i) as to whether the natural persons who ultimately own the legal person are the beneficial owners or where no natural persons ultimately~~

own the legal person, identify the natural persons (if any) who ultimately control the legal person or have ultimate effective control of the legal person; and

(iii) where no natural persons are identified under subparagraph (i) or (ii), identify the natural persons having executive authority in the legal person, or in equivalent or similar positions;

(d) for customers that are legal arrangements —

(iii) for trusts, identify the settlors, the trustees, the protector (if any), the beneficiaries (including every beneficiary that falls within a designated characteristic or class)²⁷, and any natural person exercising ultimate ownership, ultimate control or ultimate effective control over the trust (including through a chain of control or ownership); and

(iv) for other types of legal arrangements, identify persons in equivalent or similar positions, as those described under subparagraph (i).

4.136.15 Where the customer is not a natural person, the finance company shall ~~take reasonable measures to~~ understand the nature of the customer's business and its ownership and control structure ~~of the customer~~.

4.146.16 A finance company shall not be required to inquire if there exists any beneficial owner in relation to a customer that is —

- (h) a Singapore ~~government~~Government entity;
- (i) a foreign government entity;
- (j) an entity listed on the Singapore Exchange;
- (k) an entity listed on a stock exchange outside of Singapore that is subject to ~~regulatory disclosure requirements~~;

²⁷ In relation to a beneficiary of a trust designated by characteristics or by class, the finance company shall obtain sufficient information about the beneficiary to satisfy itself that it will be able to establish the identity of the beneficiary —

(c) before making a distribution to that beneficiary; or

(d) when that beneficiary intends to exercise vested rights.

~~(a)~~ ~~a financial institution supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence), unless specifically notified by the Authority);~~

~~(i)~~ regulatory disclosure requirements; and

~~(ii)~~ requirements relating to adequate transparency in respect of its beneficial owners (imposed through stock exchange rules, law or other enforceable means);

~~(l)~~ a financial institution set out in Appendix 1;

~~(m)~~ a financial institution incorporated or established outside Singapore that is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF; or

~~(n)~~ an investment vehicle where the managers are financial institutions —

~~(i)~~ supervised by the Authority set out in Appendix 1; or

~~(ii)~~ incorporated or established outside Singapore, but are subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF,

unless the finance company has doubts about the veracity of the CDD information, or suspects that the customer, business relations with, or transaction is for the customer, may be connected with money laundering or ~~terrorist~~ terrorism financing.

~~4.156.17~~ For the purposes of ~~paragraphs 4.17~~ paragraph 6.16(f) and 4.176.16(g)(ii), a finance company shall document the basis for its determination that the requirements in those paragraphs have been duly met.

(V) Information on the Purpose and Intended Nature of Business Relations

~~4.166.18~~ A finance company shall ~~obtain from the customer~~, when processing the application to establish business relations, understand and as appropriate, obtain from the customer information as to the purpose and intended nature of business relations.

(VI) Ongoing Monitoring

~~4.176.19~~ A finance company shall monitor on an ongoing basis, its business relations with customers.

~~4.186.20~~ A finance company shall, during the course of business relations with a customer, observe the conduct of the customer's account and scrutinise

transactions undertaken throughout the course of business relations, to ensure ——— that the transactions are consistent with the finance company's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

4.196.21 A finance company shall pay special attention to all complex ~~or~~, unusually large ~~transactions~~ or unusual patterns of transactions, undertaken throughout the course of business relations, that have no apparent or visible economic or lawful purpose.

6.22 For the purposes of ongoing monitoring, a finance company shall put in place and implement adequate systems and processes, commensurate with the size and complexity of the finance company, to —

(c) monitor its business relations with customers; and

(d) detect and report suspicious, complex, unusually large or unusual patterns of transactions.

4.206.23 A finance company shall, to the extent possible, inquire into the background and purpose of the transactions in paragraph 4.226.21 and document its findings with a view to making this information available to the relevant ~~competent~~ authorities should the need arise.

4.246.24 A finance company shall ~~periodically review the adequacy of customer identification ensure that the CDD data, documents and~~ information obtained in respect of customers, natural persons appointed to act on behalf of the customers, connected parties of the customers and beneficial owners ~~and ensure that of the information is~~ customers, are relevant and kept up-to-date by undertaking reviews of existing CDD data, documents and information, particularly for higher risk categories of customers.

6.25 Where there are any reasonable grounds for suspicion that existing business relations with a customer are connected with money laundering or terrorism financing, and where the finance company considers it appropriate to retain the customer —

(c) the finance company shall substantiate and document the reasons for retaining the customer; and

(d) the customer's business relations with the finance company shall be subject to commensurate risk mitigation measures, including enhanced ongoing monitoring.

6.26 Where the finance company assesses the customer or the business relations with the customer referred to in paragraph 6.25 to be of higher risk, the finance company shall perform enhanced CDD measures, which shall include obtaining

the approval of the finance company's senior management to retain the customer.

CDD Measures for Non-Face-to-Face VerificationBusiness Relations

4.226.27 A finance company shall ~~put in place~~develop policies and procedures to address any specific risks associated with non-face-to-face business ~~relationships~~relations with a customer or transactions ~~for a customer.~~

4.236.28 A finance company shall implement the policies and procedures referred to in paragraph ~~4.256.27~~ when establishing business relations with a customer ~~relationships~~ and when conducting ongoing due diligence.

4.246.29 Where there is no face-to-face contact, the finance company shall ~~carry out~~perform CDD measures that are at least as stringent as those that would be required to be performed if there ~~were~~was face-to-face contact.

Reliance by Acquiring Finance Company on ~~Identification and Verification~~Measures Already Performed

4.256.30 When a finance company ("acquiring finance company") acquires, either in whole or in part, the business of another financial institution (whether in Singapore or elsewhere), the acquiring finance company shall perform ~~CDD~~the measures as required by paragraphs 6, 7 and 8, on the customers acquired with the business at the time of acquisition; except where the ~~—~~acquiring finance company has —

- (c) acquired at the same time all corresponding customer records (including ~~customer identification~~CDD information) and has no doubt or concerns about the veracity or adequacy of the information so acquired; and
- (d) conducted due diligence enquiries that have not raised any doubt on the part of the acquiring finance company as to the adequacy of AML/CFT measures previously adopted in relation to the business or part thereof now acquired by the acquiring finance company, and document such enquiries.

CDD Measures for Non-Account ~~Holders~~Holder

4.266.31 A finance company that undertakes any transaction of a value exceeding S\$20,000, or effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who does not otherwise have business relations with the finance company shall —

- (c) establish and verify the identity of the customer~~perform CDD measures~~ as if the customer had applied to the finance company to establish

business relations; and

- (d) record adequate details of the transaction so as to permit the reconstruction of the transaction, including the nature and date of the transaction, the type and amount of currency involved, the value date, and the details of the payee or beneficiary.

~~3.43.1 Where a finance company suspects that two or more transactions are or may be related, linked or the result of a deliberate restructuring of an otherwise single transaction into smaller transactions in order to evade the measures provided for in this Notice, the finance company shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.~~

Timing for Verification

~~4.276.32~~ Subject to ~~paragraph 4.32 of this Notice~~paragraphs 6.33 and 6.34, a finance company shall complete verification of the identity of ~~the~~a customer as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b) and beneficial owner~~owners~~ of the customer as required by paragraph 6.14 —

~~(e)(d)~~ before the finance company establishes business relations; ~~or~~ with the customer;

~~(e)~~ before the finance company undertakes any transaction ~~for a of a value exceeding S\$20,000 for the~~ customer, where the customer ~~does~~has not ~~have~~otherwise established business relations with the finance company; or

~~(d)(f)~~ before the finance company effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who has not otherwise established business relations with the finance company.

~~4.286.33~~ A finance company may establish business relations with a customer before completing the verification of the identity of the customer ~~and beneficial owner if as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b) and beneficial owners of the customer as required by paragraph 6.14 if~~ —

(c) the deferral of completion of the verification ~~of the identity of the customer and beneficial owner~~ is essential in order not to interrupt the normal conduct of business operations; and

(d) the risks of money laundering and ~~terrorist~~terrorism financing can be effectively managed by the finance company.

6.34 Where the finance company establishes business relations with a customer before verification of verifying the identity of the customer or as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b), and beneficial ownerowners of the customer as required by paragraph 6.14, the finance company shall —

(a) develop and implement internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification; and

(a)(b) complete such verification as soon as is reasonably practicable.

Where CDD Measures are Not Completed

4.296.35 Where the finance company is unable to complete CDDthe measures as required by paragraphs 6, 7 and 8, it shall terminate the business relationship andnot commence or continue business relations with any customer, or undertake any transaction for any customer. The finance company shall consider if the circumstances are suspicious so as to warrant the filing of an STR.

6.36 For the purposes of paragraph 6.35, completion of the measures means the situation where the finance company has obtained, screened and verified (including by delayed verification as allowed under paragraphs 6.33 and 6.34) all necessary CDD information under paragraphs 6, 7 and 8, and where the finance company has received satisfactory responses to all inquiries in relation to such necessary CDD information.

Joint Account

4.306.37 In the case of a joint account, a finance company shall perform CDD measures on all of the joint account holders as if each of them were individually customers of the finance company.

Existing Customers

4.316.38 A finance company shall perform such CDDthe measures as may be appropriaterequired by paragraphs 6, 7 and 8 in relation to its existing customers having regard to, based on its own assessment of materiality and risk, taking into account any previous measures applied, the time when the measures were last applied to such existing customers and the adequacy of data, documents or information obtained.

Screening

6.39 A finance company shall screen a customer, natural persons appointed to act on

behalf of the customer, connected parties of the customer and beneficial owners of the customer against relevant money laundering and terrorism financing information sources, as well as lists and information provided by the Authority or other relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks in relation to the customer.

6.40 A finance company shall screen the persons referred to in paragraph 6.39 —

- (f) when, or as soon as reasonably practicable after, the finance company establishes business relations with a customer;
- (g) when the finance company undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the finance company;
- (h) when the finance company effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for a customer who has not otherwise established business relations with the finance company;
- (i) on a periodic basis after the finance company establishes business relations with the customer; and
- (j) when there are any changes or updates to —
 - (iii) the lists and information provided by the Authority or other relevant authorities in Singapore to the finance company; or
 - (iv) the natural persons appointed to act on behalf of a customer, connected parties of a customer or beneficial owners of a customer.

6.41 A finance company shall screen all wire transfer originators and wire transfer beneficiaries as defined in paragraph 11, against lists and information provided by the Authority and any other relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks.

6.42 The results of screening and assessment by the finance company shall be documented.

57 SIMPLIFIED CUSTOMER DUE DILIGENCE

5.17.1 Subject to paragraph 5.27.4, a finance company may perform such simplified CDD measures as it considers adequate to effectively identify and verify the identity of ~~the~~a customer, ~~any~~ natural person appointed to act on ~~the customer's~~behalf of the customer and any beneficial owner of the customer (other than any beneficial owner that the finance company is exempted from

making inquiries about under paragraph 6.16) if it is satisfied that the risks of money laundering and ~~terrorist~~terrorism financing are low.

The assessment of low risks shall be supported by an adequate analysis of risks by the

7.2 ~~No~~ finance company ~~shall~~.

7.3 The simplified CDD measures shall be commensurate with the level of risk, based on the risk factors identified by the finance company.

5.27.4 A finance company shall not perform simplified CDD measures ~~in the following circumstances:~~

~~(d)~~ (a) where the customers are from or in countries and jurisdictions where a customer or any beneficial owner of the customer is from or in a country or jurisdiction in relation to which the FATF has called for countermeasures;

~~(e)~~ (e) where a customer or any beneficial owner of the customer is from or in a country or jurisdiction known to have inadequate AML/CFT measures, as determined by the finance company for itself or notified to finance companies generally by the Authority, or ~~by~~ other foreign regulatory authorities; or

[~~MAS Notice 824 (Amendment) 2009~~]

~~(d)~~ (f) where the finance company suspects that money laundering or ~~terrorist~~terrorism financing is involved.

[~~MAS Notice 824 (Amendment) 2009~~]

5.37.5 ~~Subject to paragraphs 7.2, 7.3 and 7.4, a~~ finance company may perform simplified CDD measures in relation to a customer that is a financial institution ~~supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence, unless specifically notified by the Authority).~~ set out in Appendix 2.

5.47.6 Where the finance company performs simplified CDD measures in relation to a customer, any natural person appointed to act on behalf of the customer and any beneficial owner of the customer, it shall document —

(c) the details of its risk assessment; and

(d) the nature of the simplified CDD measures.

68 ENHANCED CUSTOMER DUE DILIGENCE

Politically Exposed Persons

~~6.18.1~~ For the purposes of paragraph ~~8~~—

~~3.53.1~~ For the purposes of paragraph ~~6~~—

~~““close associate” means a natural person who is closely connected to a politically exposed person” means—, either socially or professionally;~~

~~“domestic politically exposed person” means a natural person who is or has been entrusted domestically with prominent public functions whether;~~

~~“family member” means a parent, step-parent, child, step-child, adopted child, spouse, sibling, step-sibling and adopted sibling of the politically exposed person;~~

~~“foreign politically exposed person” means a natural person who is or has been entrusted with prominent public functions in Singapore or a foreign country;~~
~~[MAS Notice 824 (Amendment) 2009]~~

~~(a) — immediate family members of such a person; or~~

~~(b)(a) — close associates of such a person.~~

~~“~~

~~“international organisation” means an entity established by formal political agreements between member countries that have the status of international treaties, whose existence is recognised by law in member countries and which is not treated as a resident institutional unit of the country in which it is located;~~

~~“international organisation politically exposed person” means a natural person who is or has been entrusted with prominent public functions in an international organisation;~~

~~“politically exposed person” means a domestic politically exposed person, foreign politically exposed person or international organisation politically exposed person; and~~

~~“prominent public functions” includes the roles held by a head of state, a head of government, government ministers, senior civil or public servants, senior judicial or military officials, senior executives of state owned corporations, and senior political party officials, members of the legislature and senior management of international organisations.~~

~~3.63.1~~ A finance company shall, in addition to performing CDD measures specified in paragraph 4, perform enhanced CDD measures in relation to politically exposed persons, including but not limited to the following:

~~6.28.2~~ A finance company shall implement appropriate internal risk management systems, policies, procedures and controls to determine if a customer, any natural person appointed to act on behalf of the customer, any connected party of the customer or any beneficial owner of the customer is a politically exposed person; or a family member or close associate of a politically exposed person.

~~8.3~~ A finance company shall, in addition to performing CDD measures (specified in paragraph 6), perform at least the following enhanced CDD measures where a customer or any beneficial owner of the customer is determined by the finance company to be a politically exposed person, or a family member or close associate of a politically exposed person under paragraph 8.2:

- (d) obtain approval from the finance company's senior management to establish or continue business relations, ~~where the customer or a beneficial owner is a politically exposed person or subsequently becomes a politically exposed person; with the customer;~~
- (e) establish, by appropriate and reasonable means, the source of wealth and source of funds of the customer ~~or~~ and any beneficial owner of the customer; and
- (f) conduct, during the course of business relations with the customer, enhanced monitoring of business relations with the customer. In particular, the finance company shall increase the degree and nature of monitoring of the business relations with and transactions for the customer, in order to determine whether they appear unusual or suspicious.

Other High Risk Categories

~~8.4~~ A finance company ~~shall~~ may adopt a risk-based approach in determining whether to perform enhanced CDD measures in paragraph 6.2 for or the extent of enhanced CDD measures to be performed for —

- (d) domestic politically exposed persons, their family members and close associates;
- (e) international organisation politically exposed persons, their family members and close associates; or
- (f) politically exposed persons who have stepped down from their prominent public functions, taking into consideration the level of

influence such other categories of customers; persons may continue to exercise after stepping down from their prominent public functions, their family members and close associates,

except in cases where their business relations or transactions as with the finance company may assess to present a higher risk for money laundering and terrorist or terrorism financing.

Other Higher Risk Categories

8.5 A finance company shall give particular attention implement appropriate internal risk management systems, policies, procedures and controls to determine if business relations and with or transactions with for any person customer present a higher risk for money laundering or terrorism financing.

8.6 For the purposes of paragraph 8.5, circumstances where a customer presents or may present a higher risk for money laundering or terrorism financing include the following:

(a) where a customer or any beneficial owner of the customer is from or in countries a country or jurisdiction in relation to which the FATF has called for countermeasures, the finance company shall treat any business relations with or transactions for any such customer as presenting a higher risk for money laundering or terrorism financing; and jurisdictions

(a)(b) where a customer or any beneficial owner of the customer is from or in a country or jurisdiction known to have inadequate AML/CFT measures, as determined by the finance company for itself or notified to finance companies generally by the Authority or other foreign regulatory authorities, the finance company shall assess whether any such customer presents a higher risk for money laundering or terrorism financing.

43 PERFORMANCE OF CDD MEASURES BY INTERMEDIARIES

8.7 A finance company shall perform the appropriate enhanced CDD measures in paragraph 8.3 for business relations with or transactions for any customer —

(c) who the finance company determines under paragraph 8.5; or

(d) the Authority or other relevant authorities in Singapore notify to the finance company,

as presenting a higher risk for money laundering or terrorism financing.

8.8 A finance company shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the finance company or notified to it by the Authority or other relevant authorities in Singapore, ensure that the enhanced CDD measures take into account the requirements of any laws, regulations or directions administered by the Authority, including but not limited to the regulations or directions issued by the Authority under section 27A of the MAS Act.

9 RELIANCE ON THIRD PARTIES

9.1 For the purposes of paragraph 9, “third party” means —

- (e) a financial institution set out in Appendix 2;
- (f) a financial institution which is subject to and supervised by a foreign authority for compliance with AML/CFT requirements consistent with standards set by the FATF (other than a holder of a money-changer’s licence or a holder of a remittance licence, or equivalent licences);
- (g) in relation to a finance company incorporated in Singapore, its branches, subsidiaries, parent entity, the branches and subsidiaries of the parent entity, and other related corporations; or
- (h) in relation to a finance company incorporated outside Singapore, its head office, its parent entity, the branches and subsidiaries of the head office, the branches and subsidiaries of the parent entity, and other related corporations.

6.39.2 Subject to paragraph 7.29.3, a finance company may rely on ~~an intermediary~~ third party to perform the ~~CDD measures in paragraph 4 of this Notice~~ as required by paragraphs 6, 7 and 8 if the following requirements are met:

- (d)(e) the finance company is satisfied that the ~~intermediary~~ third party it intends to rely upon is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF, and has adequate AML/CFT measures in place to comply with those requirements;
- (f) the ~~intermediary~~ the finance company takes appropriate steps to identify, assess and understand the money laundering and terrorism financing risks particular to the countries or jurisdictions that the ~~third party~~ operates in;
- (e)(g) the third party is not one ~~on~~ which finance companies have been specifically precluded by the Authority from relying; upon; and

(f)(h) the intermediarythird party is able and willing to provide, without delay, upon the finance company's request, any document data, documents or information obtained by the intermediarythird party with respect to the measures applied on the finance company's customer, which the finance company would be required or would want to obtain.

[MAS Notice 824 (Amendment) 2009]

6.49.3 No finance company shall rely on an intermediarya third party to conduct ongoing monitoring of business relations with customers.

6.59.4 Where a finance company relies on an intermediarya third party to perform the CDD-measures as required by paragraphs 6, 7 and 8, it shall: —

(c) ~~(a)~~ document the basis for its satisfaction that the requirements in paragraph 7.19.2(a) and (b) have been met, except where the intermediarythird party is a financial institution supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence); set out in Appendix 2; and

[MAS Notice 824 (Amendment) 2009]

(b)

(d) immediately obtain from the intermediarythird party the CDD information which the intermediarythird party had obtained.

[MAS Notice 824 (Amendment) 2009]

6.69.5 For the avoidance of doubt, notwithstanding the reliance upon an intermediarya third party, the finance company shall remain responsible for its AML/CFT obligations in this Notice.

10 CORRESPONDENT BANKING

10.1 Paragraph 10 applies to a finance company when it provides correspondent banking or other similar services in Singapore to a finance company or financial institution that is operating outside Singapore.

10.2 For the purposes of paragraph 10 —

“correspondent bank” means a finance company in Singapore that provides or intends to provide correspondent banking or other similar services;

“correspondent banking” means the provision of banking services by a correspondent bank to a respondent bank;

“payable-through account” means an account maintained at the correspondent bank by the respondent bank but which is accessible directly by a third party to

effect transactions on its own behalf;

“respondent financial institution” means a bank or financial institution, outside Singapore to which correspondent banking or other similar services are provided;

“shell financial institution” means a bank or financial institution incorporated, formed or established in a country or jurisdiction where the bank or financial institution has no physical presence and which is unaffiliated with a financial group that is subject to effective consolidated supervision; and

“similar services” include services undertaken for securities transactions or funds transfers, for the financial institution that is operating outside Singapore, whether as principal or for its customers.

10.3 A finance company in Singapore shall perform the following measures, in addition to CDD measures, when providing correspondent banking or other similar services

(d) assess the suitability of the respondent financial institution by taking the following steps:

(i) gather adequate information about the respondent financial institution to understand fully the nature of the respondent financial institution’s business, including making appropriate inquiries on its management, its major business activities and the countries or jurisdictions in which it operates;

(ii) determine from any available sources the reputation of the respondent financial institution and the quality of supervision over the respondent financial institution, including whether it has been the subject of money laundering or terrorism financing investigation or regulatory action; and

(iii) assess the respondent financial institution’s AML/CFT controls and ascertain that they are adequate and effective, having regard to the AML/CFT measures of the country or jurisdiction in which the respondent financial institution operates;

(e) clearly understand and document the respective AML/CFT responsibilities of each financial institution; and

(f) obtain approval from the finance company’s senior management before providing correspondent banking or similar services to a new financial institution.

10.4 Where the correspondent banking or other similar services involve a payable-through account, the correspondent bank shall be satisfied that —

(c) the respondent financial institution has performed appropriate measures at least equivalent to those specified in paragraph 6 on the third party having direct access to the payable-through account; and

(d) the respondent financial institution is able to perform ongoing monitoring of its business relations with that third party and is willing and able to provide CDD information to the correspondent bank upon request.

10.5 The correspondent bank shall document the basis for its satisfaction that the requirements in paragraphs 10.3 and 10.4 are met.

10.6 No finance company shall enter into or continue correspondent banking or other similar services relationship with another bank or financial institution that does not have adequate controls against money laundering or terrorism financing activities, is not effectively supervised by the relevant authorities or is a shell financial institution.

10.7 A finance company shall also take appropriate measures when establishing correspondent banking or other similar services relationship, to satisfy itself that its respondent financial institutions do not permit their accounts to be used by shell financial institutions.

711 WIRE TRANSFERS

7.111.1 Paragraph 811 shall apply to a finance company in Singapore when it effects the sending of funds by wire transfer or when it receives funds (including serial payments and cover payments) by wire transfer on the account of a person the wire transfer originator or the wire transfer beneficiary but shall not apply to a transfer and settlement between the finance company and another financial institution where the finance company and the other financial institution are acting on their own behalf as the wire transfer originator and the wire transfer beneficiary institution.

7.211.2 For the purposes of paragraph 8 —

“beneficiary institution” means the financial institution that receives the funds on the account of the wire transfer beneficiary;

11.3 “cross-border wire For the purposes of paragraph 11 —

“batch transfer” means a transfer comprising a number of individual wire transfers that are sent by a wire transfer where originator to the same financial

institutions, irrespective of whether the individual wire transfers are intended ultimately for one or more wire transfer beneficiaries;

“cover payment” means a wire transfer that combines a payment message sent directly by the ordering institution to the beneficiary institution with the routing of the funding instruction from the ordering institution and to the beneficiary institution are in different countries or jurisdictions through one or more intermediary institutions;

“intermediary institution” means the financial institution that is an intermediary in the wire transfer in a serial payment or cover payment chain;

“ordering institution” means the financial institution that acts on the instructions of the wire transfer originator in sending the funds;

“that receives and transmits a wire transfer beneficiary” means the person to whom or for whose benefit the funds are sent; and on behalf of the ordering institution and the beneficiary institution, or another intermediary institution;

“serial payment” means a direct sequential chain of payment where the wire transfer and accompanying payment message travel together from the ordering institution to the beneficiary institution, directly or through one or more intermediary institutions;

“straight-through processing” means payment transactions that are conducted electronically without the need for manual intervention;

“unique transaction reference number” means a combination of letters, numbers or symbols, determined by the payment service provider in accordance with the protocols of the payment and settlement system or messaging system used for the wire transfer, and which permits the traceability of the wire transfer;

“wire transfer beneficiary” means the natural person, legal person or legal arrangement who is identified by the wire transfer originator” means as the person who initiates receiver of the sending of wire transfer funds; and

“wire transfer originator” means the account holder who allows the wire transfer from that account, or where there is no account, the natural person, legal person or legal arrangement that places the wire transfer order with the ordering institution to perform the wire transfer.

Responsibility of the Ordering Institution

(I) Identification and Recording of Information

~~7.3~~11.4 Before effecting a wire transfer, every finance company that is an ordering institution shall —

(c) identify ~~the~~ wire transfer originator and verify his or its identity, as the case may be (if the finance company has not already done so by virtue of paragraph 46); and

(d) ~~record adequate~~ details of the wire transfer so as to permit its reconstruction, including at least but not limited to, the date of the wire transfer, the type and amount of currency ~~involved~~, transferred and the value ~~date and the details of the wire transfer beneficiary and the beneficiary institution.~~

(II) Cross-border Wire Transfers ~~Exceeding~~ Below or Equal To S\$~~2,000~~1,500

~~7.4~~11.5 In a cross-border wire transfer where the amount to be transferred ~~exceeds~~ is below or equal to S\$~~2,000~~1,500, every finance company— which is an ordering institution shall include in the message or payment instruction that accompanies or relates to the wire transfer the following:

~~(e)~~(e) the name of the wire transfer originator;

~~(d)~~(f) the wire transfer originator's account number (or unique transaction reference number ~~assigned by the ordering institution~~ where no account number exists); ~~and~~

(g) the name of the wire transfer beneficiary; and

(h) the wire transfer beneficiary's account number (or unique transaction reference number where no account number exists).

(III) Cross-border Wire Transfers Exceeding S\$1,500

11.6 In a cross-border wire transfer where the amount to be transferred exceeds S\$1,500, every finance company which is an ordering institution shall include in the message or payment instruction that accompanies or relates to the wire transfer the information required by paragraph 11.4(a) to 11.4(d) and any of the following:

(b) the wire transfer originator's —

(i) residential address; or

(ii) registered or business address, and if different, principal place of business,

as may be appropriate;

(d) the wire transfer originator's unique identification number, ~~or~~ (such as an identity card number, birth certificate number or passport number, or where the wire transfer originator is not a natural person, the incorporation number or business registration number); or

~~(e)~~(e) the date and place of birth, incorporation or registration of the wire transfer originator (as may be appropriate).

11.7 Where several individual cross-border wire transfers from a single wire transfer originator are bundled in a batch file for transmission to wire transfer beneficiaries, a finance company shall ensure that the batch transfer file contains —

(a) the wire transfer originator information required by paragraph 11.5²⁸ and which has been verified; and

(b) the wire transfer beneficiary information required by paragraph 11.5²⁹,

which are fully traceable within the beneficiary country.

(IV) Domestic Wire Transfers

~~7.5~~11.8 In a domestic wire transfer, every finance company that is an ordering institution shall either —

(c) include in the message or payment instruction that accompanies or relates to the wire transfer ~~all~~ the following:

(i) the name of the wire transfer originator ~~information required to be included as if the~~;

(ii) the wire transfer originator's account number (or unique transaction ~~had been~~ reference number where no account number exists); and

(iii) any of the following:

²⁸ Please note the references to paragraph 11.4(a) and (b) in paragraph 11.5.

²⁹ Please note the references to paragraph 11.4(c) and (d) in paragraph 11.5.

- (A) the wire transfer originator's:
- (3) residential address; or
 - (4) registered or business address, and if different, principal place of business, as may be appropriate;
- (B) the wire transfer originator's unique national identification number (such as an identity card number, birth certificate number or passport number, or where the wire transfer originator is not a cross-border wire transfer exceeding S\$2,000; or natural person, the incorporation number or business registration number);
- (C) the date and place of birth, incorporation or registration of the wire transfer originator (as may be appropriate); or
- (d) include only the wire transfer originator's account number (or unique transaction reference number where no account number exists) but be in a position to make), provided —
- (i) that these details will permit the remaining transaction to be traced back to the wire transfer originator and wire transfer beneficiary;
 - (ii) the ordering institution shall provide the wire transfer originator information available set out in paragraph 11.7(a) within 3 working business days of a request being made for such information by the beneficiary institution, by the Authority or other relevant authorities in Singapore; and
 - (iii) the ordering institution shall provide the wire transfer originator information set out in paragraph 11.7(a) immediately upon request for such information by law enforcement authorities in Singapore.

11.9 All wire transfer originator and beneficiary information collected by the ordering institution shall be documented.

7.611.10 Where the ordering institution is unable to comply with the requirements in paragraphs 11.3 to 11.8, it shall not execute the wire transfer.

Responsibility of the Beneficiary Institution

11.11 A finance company that is a beneficiary institution shall take reasonable measures, including post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers that lack the required wire transfer originator or required wire transfer beneficiary information.

11.12 For cross-border wire transfers, a beneficiary institution shall identify and verify the identity of the wire transfer beneficiary if the identity has not been previously verified.

~~7.7~~11.13 A finance company that is a beneficiary institution shall implement appropriate internal risk-based policies, procedures and controls for identifying and handling in-coming wire transfers that are not accompanied by complete originator information-determining —

(c) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and

(d) the appropriate follow-up action.

Responsibility of ~~the~~ Intermediary Institution

11.14 A finance company that is an intermediary institution shall, ~~in passing onward the message or payment instruction, maintain~~ retain all the required wire transfer originator and wire transfer beneficiary information accompanying the wire transfer.

~~7.8~~11.15 Where technical limitations prevent the required wire transfer originator or wire transfer beneficiary information accompanying a cross-border wire transfer from remaining with the wire transfer a related domestic wire transfer, a record shall be kept, for at least five years, by the receiving intermediary institution of all the information received from the ordering institution or another intermediary institution.

11.16 An intermediary institution shall take reasonable measures, which are consistent with straight-through processing, to identify cross-border wire transfers that lack the required wire transfer originator or wire transfer beneficiary information.

11.17 An intermediary institution shall implement appropriate internal risk-based policies, procedures and controls for determining —

(c) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and

~~(a)~~(d) the appropriate follow-up action.

812 RECORD KEEPING

~~8.412.1~~ A finance company shall, in relation to all data, documents and information that the finance company is required to obtain or produce to meet the requirements under this Notice, prepare, maintain and retain ~~documentation on all its business relations and transactions with its customers~~ records of such data, documents and information.

12.2 A finance company shall perform the measures as required by paragraph 12.1 such that —

- (e) all requirements imposed by law (including this Notice) are met;
- (f) any individual transaction undertaken by the finance company can be reconstructed (including the amount and type of currency involved) so as to provide, if necessary, evidence for prosecution of criminal activity;
- (g) the Authority or other relevant ~~competent~~ authorities in Singapore and the internal and external auditors of the finance company are able to review the finance company's business relations, transactions, records and CDD information and assess the level of compliance with this Notice; and
- (h) the finance company can satisfy, within a reasonable time or any more specific time period imposed by law or by the requesting authority, any enquiry or order from the relevant ~~competent~~ authorities in Singapore for information.

~~8.212.3~~ Subject to paragraph 9.412.5 and any other requirements imposed by law, a finance company shall, for the purposes of record retention under paragraphs 12.1 and 12.2, and when setting its record retention policies, comply with the following ~~document~~record retention periods:

- ~~(a) — a period of at least 5 years following the termination of business relations for customer identification for CDD information, and other documents —~~ relating to the ~~establishment of~~ business relations, wire transfers and transactions undertaken without an account being opened, as well as account files ~~and~~, business correspondence; and
- ~~(c) —~~ results of any analysis undertaken, a period of at least 5 years following the termination of such business relations or completion of the transaction for records ~~such wire transfers or transactions; and~~
- ~~(e)(d) —~~ for data, documents and information relating to a transaction, including any information needed to explain and reconstruct the transaction. ~~—, a~~

period of at least 5 years following the completion of the transaction.

~~8.312.4~~ A finance company may retain data, documents and information as originals or copies, in paper or electronic form or on microfilm, provided that they are admissible as evidence in a Singapore court of law.

~~8.412.5A~~ finance company shall retain records of data, documents and information on all its business relations with or transactions for a customer pertaining to a matter which is under investigation or which has been the subject of an STR ~~for such longer period as may be necessary,~~ in accordance with any request or order from STRO or ~~from~~ other relevant ~~competent~~ authorities in Singapore.

13 PERSONAL DATA

13.1 For the purposes of paragraph 13, "individual" means a natural person, whether living or deceased.

13.2 Subject to paragraph 13.3 and for the purposes of complying with this Notice, a finance company shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with —

(e) any access to personal data about the individual that is in the possession or under the control of the finance company;

(f) any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the finance company; and

(g) any right to correct an error or omission of the personal data about the individual that is in the possession or under the control of the finance company.

13.3 A finance company shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to —

(c) access the following types of personal data of that individual, that is in the possession or under the control of the finance company:

~~(iii)~~(viii) his full name, including any alias;

~~(iv)~~(ix) his unique identification number (such as an identity card number, birth certificate number or passport number);

(x) his residential address;

(xi) his date of birth;

(xii) his nationality;

(xiii) subject to section 21(2) and (3) read with the Fifth Schedule to the Personal Data Protection Act 2012 (Act 26 of 2012), any other personal data of the respective individual provided by that individual to the finance company; and

(d) subject to section 22(7) read with the Sixth Schedule to the Personal Data Protection Act, correct an error or omission in relation to the types of personal data set out in subparagraphs (a)(i) to (vi), provided the finance company is satisfied that there are reasonable grounds for such request.

8.513.4 For the purposes of complying with this Notice, a finance company may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, without the respective individual's consent.

914 SUSPICIOUS TRANSACTIONS REPORTING

9.114.1 A finance company shall keep in mind the provisions in the ~~Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act³⁰ and in the Terrorism (Suppression of Financing) Act (Cap 325)CDSA³¹ and in the TSOFA~~ that provide for the reporting to the ~~competent~~ authorities of transactions suspected of being connected with money laundering or ~~terrorist~~terrorism financing, and implement appropriate internal policies, procedures and controls for meeting its obligations under the law, including the following:

(c) establish a single reference point within the organisation to whom all employees and officers are instructed to promptly refer all transactions suspected of being connected with money-laundering or ~~terrorist~~terrorism financing, for possible referral to STRO via STRs; and

(d) keep records of all transactions referred to STRO, together with all internal findings and analysis done in relation to them.

[MAS Notice 824 (Amendment) 2013]

³⁰ ~~Please note in particular section 48 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act on tipping-off.~~

³¹ Please note in particular section 48 of the CDSA on tipping-off.

~~9.2~~14.2 A finance company shall promptly submit reports on suspicious transactions (including attempted transactions), regardless of the amount of the transaction, to STRO, and extend a copy to the Authority for information.

~~9.3~~14.3 A finance company shall consider if the circumstances are suspicious so as to warrant the filing of an STR and document the basis for its determination, including where—

- (c) the finance company is for any reason unable to complete ~~CDD~~the measures as required by paragraphs 6, 7 and 8; or
- (d) the customer is reluctant, unable or unwilling to provide any information requested by the finance company, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

14.4 Where a finance company forms a suspicion of money laundering or terrorism financing, and reasonably believes that performing any of the measures as required by paragraphs 6, 7 or 8 will tip-off a customer, a natural person appointed to act on behalf of the customer, a connected party of the customer or a beneficial owner of the customer, the finance company may stop performing those measures. The finance company shall document the basis for its assessment and file an STR.

~~10~~15 **INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING**

~~10.1~~15.1 A finance company shall develop and implement adequate internal policies, procedures and controls, taking into consideration its money laundering and terrorism financing risks and the size of its business, to help prevent money laundering and ~~terrorist~~terrorism financing and communicate these to its employees.

15.2 The policies, procedures and controls shall ~~include, amongst other things, CDD measures, record retention, the detection of unusual and/or suspicious transactions and~~ meet all requirements of this Notice.

Group Policy

~~10.2~~15.3 For the ~~obligation~~purposes of paragraphs 15.4 to make suspicious transaction reports.15.9, a reference to finance company means a finance company incorporated in Singapore.

15.4 A finance company shall ~~take into consideration money laundering~~develop a group policy on AML/CFT to meet all requirements of this Notice and ~~terrorist financing threats~~extend this to all of its branches and subsidiaries in its financial

group.

15.5 Where a finance company has a branch or subsidiary in a host country or jurisdiction —

(c) in relation to which the FATF has called for countermeasures; or

(d) known to have inadequate AML/CFT measures, as determined by the finance company for itself, notified to finance companies generally by the Authority or other foreign regulatory authorities,

the finance company shall ensure that ~~may arise from the~~ its group policy on AML/CFT is strictly observed by the management of that branch or subsidiary.

~~40.3~~15.6 Subject to the finance company putting in place adequate safeguards to protect the confidentiality and use of new or developing technologies, especially those that favour anonymity, in formulating its any information that is shared, the finance company shall develop and implement group policies, and procedures and controls for its branches and subsidiaries within the financial group, to share information required for the purposes of CDD and for money laundering and terrorism financing risk management, to the extent permitted by the law of the countries or jurisdictions that its branches and subsidiaries are in.

15.7 Such policies and procedures shall include the provision, to the finance company's group-level compliance, audit, and AML/CFT functions, of customer, account, and transaction information from its branches and subsidiaries within the financial group, when necessary for money laundering and terrorism financing risk management purposes.

15.8 Where the AML/CFT requirements in the host country or jurisdiction differ from those in Singapore, the finance company shall require that the overseas branch or subsidiary apply the higher of the two standards, to the extent that the law of the host country or jurisdiction so permits.

15.9 Where the law of the host country or jurisdiction conflicts with Singapore law such that the overseas branch or subsidiary is unable to fully observe the higher standard, the finance company shall apply additional appropriate measures to manage the money laundering and terrorism financing risks, report this to the Authority and comply with such further directions as may be given by the Authority.

Compliance

~~40.4~~15.10 A finance company shall develop appropriate compliance management arrangements, including at least, the appointment of a ~~management level officer~~ as the an AML/CFT compliance officer at the management level.

~~40.5~~15.11 A finance company shall ensure that the AML/CFT compliance officer, as well as any other persons appointed to assist him, has suitably qualified and, has adequate resources and timely access to all customer records and other relevant information which ~~they require~~he requires to discharge ~~their~~his functions.

Audit

~~40.6~~15.12 A finance company shall maintain an audit function that is adequately resourced and independent, and ~~which will be~~that is able to regularly assess the effectiveness of the finance company's internal policies, procedures and controls, and its compliance with regulatory requirements.

Employee Hiring

~~40.7~~15.13 A finance company shall have in place screening procedures, to ensure high standards when hiring employees and appointing officers.

Training

~~40.8~~15.14 A finance company shall take all appropriate steps to ensure that its employees and officers³² (whether in Singapore or elsewhere) are regularly and appropriately trained on —

- (d) AML/CFT laws and regulations, and in particular, CDD measures, detecting and reporting of suspicious transactions;
- (e) prevailing techniques, methods and trends in money laundering and ~~terrorist~~terrorism financing; and
- (f) the finance company's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of employees and officers in combating money laundering and ~~terrorist~~terrorism financing.

[MAS Notice 824 (Amendment) 2013]

~~111~~PERSONAL DATA

³² ~~"Officer" —~~

~~(d)(a) in relation to a licensee that is a body corporate (other than a limited liability partnership), means any director or any member of the committee of management of the body corporate;~~

~~(e)(a) in relation to a licensee that is a partnership (including a limited liability partnership), means any partner and manager (in the case of a limited liability partnership); and~~

~~(f)(a) in relation to a licensee that is a body unincorporate (other than a partnership), means any member of the committee of management of the body unincorporate,~~

~~where applicable.~~

~~12.1 For the purposes of paragraph 12—~~

~~(d)(a) “personal data” has the same meaning as defined in section 2(1) of the Personal Data Protection Act (Cap. 26);~~

~~(e)(a) “individual” means a natural person, whether living or deceased; and~~

~~(f)(a) “connected party”—~~

~~(j)(i) in relation to a company, means any director or any natural person having executive authority in the company;~~

~~(j)(ii) in relation to a partnership, a limited partnership within the meaning of the Limited Partnerships Act (Cap. 163B) or a limited liability partnership within the meaning of the Limited Liability Partnerships Act (Cap. 163A), means any partner or manager; and~~

~~(j)(iii) in relation to any other body corporate or unincorporate, means any natural person having executive authority in such body corporate or unincorporate, where applicable.~~

~~12.2 Subject to paragraph 13.3 and for the purposes of complying with this Notice, a finance company shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with:~~

~~(g)(h) any access to personal data about the individual that is in the possession or under the control of the finance company;~~

~~(h)(i) any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the finance company; and~~

~~(i)(a) any right to correct an error or omission of the personal data about the individual that is in the possession of or under the control of the finance company.~~

~~12.3 A finance company shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to:~~

~~(c)(a) access the following types of personal data of that individual, that is in the possession or under the control of the finance company:~~

~~(v)(xiv)~~ his full name, including any alias;

~~(vi)(xv)~~ his unique identification number (such as an identity card number, birth certificate number or passport number);

~~i. his existing residential address and contact telephone number(s);~~

~~ii.i. his date of birth;~~

~~iii.i. his nationality;~~

~~iv.i. subject to section 21(2) and (3) read with the Fifth Schedule to the Personal Data Protection Act, any other personal data of the respective individual provided by that individual to the finance company; and~~

~~(d)(a) subject to section 22(7) and the Sixth Schedule to the Personal Data Protection Act, correct an error or omission in relation to the types of personal data set out in paragraphs (a)(i) to (vi), provided the finance company is satisfied that there are reasonable grounds for such request.~~

~~12.4 For the purposes of complying with this Notice, a finance company may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, without the respective individual's consent.~~

~~[MAS Notice 824 (Amendment) 2014]~~

Endnotes on History of Amendments

4. MAS Notice 824 dated 2 July 2007 with effect from 2 July 2007.

(a) MAS Notice 824 (Amendment) 2009 dated with effect from 3 July 2009.

(b) MAS Notice 824 (Amendment) 2009 with effect from 2 December 2009.

(c) MAS Notice 824 (Amendment) 2013 dated with effect from 23 January 2013.

(d) MAS Notice 824 (Amendment) 2014 with effect from 1 July 2014.

5. MAS Notice 824 dated 2 July 2007 cancelled with effect from 24 May 2015.

6. MAS Notice 824 dated 24 April 2015 with effect from 24 May 2015.

Appendix 1

1. Financial institutions that are licensed, approved, registered (including a fund management company registered under paragraph 5(1 July 2014.) (i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10)) or regulated by the Authority but do not include
 - (a) holders of stored value facilities, as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A); and
 - (b) a person (other than a person referred to in paragraphs 2 and 3) who is exempted from licensing, approval or regulation by the Authority under any Act administrated by the Authority, including a private trust company exempted from licensing under section 15 of the Trust Companies Act (Cap. 336) read with regulation 4 of the Trust Companies (Exemption) Regulations (Rg. 1).
2. Persons exempted under section 23(1)(f) of the Financial Advisers Act (Cap. 110) read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg. 2).
3. Persons exempted under section 99(1)(h) of the Securities and Futures Act (Cap. 289) read with paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations.

Note: For the avoidance of doubt, the financial institutions set out in Appendix 2 fall within Appendix 1.

Appendix 2

1. Banks in Singapore licensed under section 7 of the Banking Act (Cap.19).
2. Merchant banks approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186).
3. Finance companies licensed under section 6 of the Finance Companies Act (Cap. 108).
4. Financial advisers licensed under section 6 of the Financial Advisers Act (Cap. 110) except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.
5. Holders of a capital markets services licence under section 82 of the Securities and Futures Act (Cap. 289).
6. Fund management companies registered under paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10).
7. Persons exempted under section 23(1)(f) of the Financial Advisers Act read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg. 2) except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.
8. Persons exempted under section 99(1)(h) of the Securities and Futures Act read with paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations.
9. Approved trustees approved under section 289 of the Securities and Futures Act.
10. Trust companies licensed under section 5 of the Trust Companies Act (Cap. 336).
11. Direct life insurers licensed under section 8 of the Insurance Act (Cap. 142).
12. Insurance brokers registered under the Insurance Act which, by virtue of such registration, are exempted under section 23(1)(c) of the Financial Advisers Act except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.

MAS NOTICE 1014 (Tracked Changes)

MAS Notice 1014

~~2 July 2007~~

~~Last revised on 1 July 2014~~

~~(Refer to endnotes for history of amendments)~~

24 April 2015

NOTICE TO MERCHANT BANKS

MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM – MERCHANT BANKS

1 INTRODUCTION

1.1 This Notice is issued pursuant to section 27B of the Monetary Authority of Singapore Act (Cap. 186) ("MAS Act") and applies to all merchant banks ~~in Singapore approved under section 28 of the MAS Act.~~

1.2 This Notice shall take immediate effect. 1.2 Except for paragraphs 4, 5, 15.6 and 15.7, this Notice shall take effect from 24 May 2015. Paragraphs 4, 5, 15.6 and 15.7 shall take effect from 24 July 2015. MAS Notice 1014 dated 2 July 2007 is cancelled with effect from 24 May 2015.

2 DEFINITIONS

2.1 For the purposes of this Notice —

"AML/CFT" means anti-money laundering and countering the financing of terrorism;

"Authority" means the Monetary Authority of Singapore;

"beneficial owner", in relation to a customer of a merchant bank, means the natural person who ultimately owns or controls ~~at the~~ customer or the natural person on whose behalf a transaction is ~~being~~ conducted or business relations are established, and includes ~~the any~~ person who exercises ultimate effective control over a ~~body corporate~~ legal person or ~~unincorporate~~ legal arrangement;

"beneficiary institution" means the financial institution that receives the wire

transfer from the ordering institution, directly or through an intermediary institution, and makes the funds available to the wire transfer beneficiary;

“business relations” means —

(e) the opening or maintenance of an account by the merchant bank in the name of a person and; or

(f) the undertakingprovision of transactionsfinancial advice by the merchant bank for that to,

a person (whether a natural person on that account; legal person or legal arrangement);

“company” includes a body corporate formed or established outside Singapore under the law of the country or jurisdiction;

“CDD measures” or “customer due diligence measures” means the process of identifying the customer and obtaining informationmeasures required by paragraph 46;

“CDSA” means the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A);

“connected party” —

(g) in relation to a legal person (other than a partnership), means any director or any natural person having executive authority in the legal person;

(h) in relation to a legal person that is a partnership, means any partner or manager³³; and

(i) in relation to a legal arrangement, means any natural person having executive authority in the legal arrangement;

“Core Principles” refers to the Core Principles for Effective Banking Supervision issued by the Basel Committee on Banking Supervision, the Objectives and Principles for Securities Regulation issued by the International Organisation of Securities Commissions, or the Insurance Core Principles issued by the International Association of Insurance Supervisors;

“cross-border wire transfer” means a wire transfer where the ordering institution and the beneficiary institution are located in different countries or jurisdictions and also refers to any chain of wire transfer in which at least one of the financial

³³ In the case of a limited liability partnership or a limited partnership.

institutions involved is located in a different country or jurisdiction;

“customer”, in relation to a merchant bank, means a person in whose name an account is opened or intended to be opened, or (whether a natural person, legal person or legal arrangement) —

(e) with whom the merchant bank establishes or intends to establish business relations; or

(e)(f) for whom the merchant bank undertakes or intends to undertake any transaction without an account being opened;

“domestic wire transfer” means a wire transfer where the ordering institution and beneficiary institution are located in the same country or jurisdiction and also refers to any chain of wire transfer that takes place entirely within a country, even though the system used to transfer the payment message may be located in another country or jurisdiction;

“FATF” means the Financial Action Task Force;

“financial advice” means a financial advisory service as defined in section 2(1) of the Financial Advisers Act (Cap. 110) or advising on corporate finance as defined in section 2(1) of the Securities and Futures Act (Cap. 289);

“financial group” means a group that consists of a legal person or legal arrangement exercising control and coordinating functions over the rest of the group for the application of group supervision under the Core Principles, and its branches and subsidiaries that are financial institutions as defined in section 27A(6) of the MAS Act or the equivalent financial institutions outside Singapore;

“government entity” means a government of a country or jurisdiction, a ministry within such a government, or an agency specially established by such a government through written law;

“legal arrangement” means a trust or other similar arrangement;

“legal person” means an entity other than a natural person that can establish a permanent customer relationship with a financial institution or otherwise own property;

“merchant bank” means a merchant bank in Singapore, approved as a financial institution under section 28 of the ~~Monetary Authority of Singapore~~ MAS Act;

“officer” means any director or any member of the committee of management of the merchant bank;

“ordering institution” means the financial institution that initiates the wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the wire transfer originator;

“partnership” means a partnership, a limited partnership within the meaning of the Limited Partnerships Act (Cap. 163B) or a limited liability partnership within the meaning of the Limited Liability Partnerships Act (Cap. 163A);

“personal data” has the same meaning as defined in section 2(1) of the Personal Data Protection Act 2012 (Act 26 of 2012);

“reasonable measures” means appropriate measures which are commensurate with the money laundering or terrorism financing risks;

“STR” means suspicious transaction report; ~~and~~

“STRO” means the Suspicious Transactions Transaction Reporting Office, Commercial Affairs Department of the Singapore Police Force;

“TSOFA” means the Terrorism (Suppression of Financing) Act (Cap. 325); and

“wire transfer” refers to any transaction carried out on behalf of a wire transfer originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary person at a beneficiary institution, irrespective of whether the originator and the beneficiary are the same person.

2.2 A reference to any threshold or value limit expressed in S\$ shall include a reference to the equivalent amount expressed in any other currency.

~~2.31.1 A reference to the completion of CDD measures is a reference to the situation when the merchant bank has received satisfactory responses to all inquiries.~~

~~2.3 Unless~~The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, ~~a reference to a financial institution supervised by the Authority does not include a person who is exempted from licensing, approval or regulation by the Authority. have the same meanings as in the MAS Act.~~

3 UNDERLYING PRINCIPLES

3.1 This Notice is based on the following principles, which shall serve as a guide for all merchant banks in the conduct of their operations and business activities:

(g) (a) A merchant bank ~~must~~shall exercise due diligence when dealing

with customers, natural persons appointed to act on the customer's behalf, connected parties of the customer and beneficial owners of the customer.

- (h) ~~(b)~~—A merchant bank ~~must~~shall conduct its business in conformity with high ethical standards, and guard against establishing any business relations or undertaking any transaction, that is or may be connected with or may facilitate money laundering or ~~terrorist~~terrorism financing.
- (i) (c) A merchant bank ~~should, whenever possible and~~shall, to the fullest extent possible, assist and cooperate with the relevant law enforcement authorities in Singapore ~~in preventing to prevent~~ money laundering and ~~terrorist~~terrorism financing.

4 ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH

Risk Assessment

4.1 A merchant bank shall take appropriate steps to identify, assess and understand, its money laundering and terrorism financing risks in relation to —

- (i) its customers;
- (j) the countries or jurisdictions its customers are from or in;
- (k) the countries or jurisdictions the merchant bank has operations in; and
- (l) the products, services, transactions and delivery channels of the merchant bank.

4.2 The appropriate steps referred to in paragraph 4.1 shall include —

- (i) documenting the merchant bank's risk assessments;
- (j) considering all the relevant risk factors before determining the level of overall risk and the appropriate type and extent of mitigation to be applied;
- (k) keeping the merchant bank's risk assessments up-to-date; and
- (l) having appropriate mechanisms to provide its risk assessment information to the Authority.

Risk Mitigation

4.3 A merchant bank shall —

- (i) develop and implement policies, procedures and controls, which are approved by senior management, to enable the merchant bank to effectively manage and mitigate the risks that have been identified by the merchant bank or notified to it by the Authority or other relevant authorities in Singapore;
- (j) monitor the implementation of those policies, procedures and controls, and enhance them if necessary;
- (k) perform enhanced measures where higher risks are identified, to effectively manage and mitigate those higher risks; and
- (l) ensure that the performance of measures or enhanced measures to effectively manage and mitigate the identified risks address the risk assessment and guidance from the Authority or other relevant authorities in Singapore.

5 NEW PRODUCTS, PRACTICES AND TECHNOLOGIES

5.1 A merchant bank shall identify and assess the money laundering and terrorism financing risks that may arise in relation to —

- (e) the development of new products and new business practices, including new delivery mechanisms; and
- (f) the use of new or developing technologies for both new and pre-existing products.

5.2 A merchant bank shall undertake the risk assessments, prior to the launch or use of such products, practices and technologies (to the extent such use is permitted by this Notice), and shall take appropriate measures to manage and mitigate the risks.

5.3 A merchant bank shall, in complying with the requirements of paragraphs 5.1 and 5.2, pay special attention to any —

- (e) new products and new business practices, including new delivery mechanisms; and
- (f) new or developing technologies,

that favour anonymity.

46 CUSTOMER DUE DILIGENCE (“CDD”)

Anonymous or Fictitious Account

4.16.1 No merchant bank shall open or maintain an anonymous ~~accounts~~account or ~~accounts~~an account in a fictitious ~~names~~name.

Where There Are Reasonable Grounds for Suspicion prior to the Establishment of Business Relations or Undertaking any Transaction without opening an Account

6.2 Prior to a merchant bank establishing business relations or undertaking any transaction without opening an account, where the merchant bank has any reasonable grounds to suspect that the assets or funds of a customer are proceeds of drug dealing or criminal conduct as defined in the CDSA, or are property related to the facilitation or carrying out of any terrorism financing offence as defined in the TSOFA, the merchant bank shall —

(e) not establish business relations with, or undertake a transaction for, the customer; and

(f) file an STR³⁴, and extend a copy to the Authority for information.

When CDD ~~Measures are~~ to be Performed

4.26.3 A merchant bank shall perform ~~CDD~~the measures ~~in accordance with this Notice~~as required by paragraphs 6, 7 and 8 when —

~~(+)~~(k) the merchant bank establishes business relations with any customer;

~~(+)~~(l) the merchant bank undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the merchant bank;

(m) the merchant bank effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who has not otherwise established business relations with the merchant bank;

~~(k)~~(n) there is a suspicion of money laundering or ~~terrorist~~terrorism financing, notwithstanding that the merchant bank would not otherwise ~~not~~ be required by this Notice to perform ~~CDD~~the measures as required by paragraphs 6, 7 and 8; or

~~(+)~~(o) the merchant bank has doubts about the veracity or adequacy of any

³⁴ Please note in particular section 48 of the CDSA on tipping-off.

information previously obtained.

CDD Measures where Business Relations are Established

6.4 Where a merchant bank suspects that two or more transactions are or may be related, linked or the result of a deliberate restructuring of an otherwise single transaction into smaller transactions in order to evade the measures provided for in this Notice in relation to the circumstances set out in paragraphs 6.3(b) or (c), the merchant bank shall treat the transactions as a single transaction and aggregate their values for the purposes of this Notice.

(l) Identification of ~~Customers~~Customer

4.36.5 A merchant bank shall identify each customer ~~who applies to the merchant bank to establish business relations.~~

4.46.6 For the ~~purpose~~purposes of paragraph 4.36.5, a merchant bank shall obtain ~~and record information of the customer, including but not limited to at least~~ the following information:

~~(i)(k)~~ (k) Full name, including any aliases;

~~(i)(l)~~ (l) Unique identification number (such as an identity card number, birth certificate number or passport number, or where the customer is not a natural person, the incorporation number or business registration number);

(m) Existing the customer's –

(v) residential address; or

(vi) registered or business address ~~(, and if different, principal place of business,~~

as may be appropriate) ~~and contact telephone number(s);~~

~~(k)(n)~~ (n) Dated date of birth, establishment, incorporation or registration (as may be appropriate); and

~~(i)(o)~~ (o) Nationality ~~or nationality~~, place of incorporation or place of registration (as may be appropriate).

4.56.7 Where the customer is a ~~company~~legal person or legal arrangement, the merchant bank shall, apart from identifying the customer, also identify the ~~directors of the company~~legal form, constitution and powers that regulate and bind the legal person or legal arrangement.

~~4.61.1 Where the customer is a partnership or a limited liability partnership legal person or legal arrangement, the merchant bank shall, apart from identifying the customer, also identify the partners.~~

connected parties of

~~4.76.8 Where the customer is any other body corporate or unincorporate, by obtaining at least the merchant bank shall, apart from identifying the customer, also identify the persons having executive authority in that body corporate or unincorporate following information of each connected party:~~

~~(a) full name, including any aliases; and~~

~~(b) unique identification number (such as an identity card number, birth certificate number or passport number of the connected party).~~

(II) Verification of Identity of Customer

~~4.81.1 A merchant bank shall verify the identity of the customer using reliable, independent sources.~~

~~4.96.9 A merchant bank shall retain copies of all reference source data, documents used to verify the identity of the customer or information. Where the customer is a legal person or legal arrangement, a merchant bank shall verify the legal form, proof of existence, constitution and powers that regulate and bind the customer, using reliable, independent source data, documents or information.~~

(III) Identification and Verification of Identity of Natural Persons Person Appointed to Act on the Customer's Behalf

~~4.106.10 Where the customer appoints one or more natural persons to act on his behalf in establishing business relations with the merchant bank or the customer is not a natural person, the merchant bank shall —~~

~~(e) identify the each natural persons that act person who acts or are is appointed to act on behalf of the customer; by obtaining at least the following information of such natural person:~~

~~(i) verify the full name, including any aliases;~~

~~(ii) unique identification number (such as an identity card number, birth certificate number or passport number);~~

~~(iii) residential address;~~

~~(iv) date of these persons birth;~~

(v) nationality; and

- (f) verify the identity of each natural person using reliable, independent ~~sources; and~~ source data, documents or information.

~~(b)(a) retain copies of all reference documents used to verify the identity of these persons.~~

~~4.146.11~~ A merchant bank shall verify the due authority of ~~such person~~ each natural person appointed to act on behalf of the customer by obtaining at least the customer following:

~~4.121.1~~ A merchant bank shall verify the due authority of such persons to act by obtaining, including but not limited to the following:

- (e) the appropriate documentary evidence ~~that~~ authorising the appointment of such natural person by the customer ~~has appointed the persons~~ to act on his or its behalf; and
- (f) the specimen ~~signature~~ signature of ~~the persons~~ such natural person appointed.

~~4.136.12~~ Where the customer is a Singapore ~~government~~ Government entity, the merchant bank shall only be required to obtain such information as may be required to confirm that the customer is a Singapore ~~government~~ Government entity as asserted.

(IV) Identification and Verification of Identity of Beneficial Owners

~~4.146.13~~ Subject to paragraph ~~4.176.16~~, a merchant bank shall inquire if there exists any beneficial owner in relation to a customer.

~~4.156.14~~ Where there is one or more beneficial owner in relation to a customer, the merchant bank shall identify the beneficial owners and take reasonable measures to ~~obtain information sufficient to identify and~~ verify the identities of the beneficial ~~owner~~ owners using the relevant information or data obtained from reliable, independent sources. The merchant bank shall —

(e) for customers that are legal persons —

(i) identify the natural persons (whether acting alone or together) who ultimately own the legal person;

(ii) to the extent that there is doubt under subparagraph (i) as to whether the natural persons who ultimately own the legal person

are the beneficial owners or where no natural persons ultimately own the legal person, identify the natural persons (if any) who ultimately control the legal person or have ultimate effective control of the legal person; and

(iii) where no natural persons are identified under subparagraph (i) or (ii), identify the natural persons having executive authority in the legal person, or in equivalent or similar positions;

(f) for customers that are legal arrangements —

(v) for trusts, identify the settlors, the trustees, the protector (if any), the beneficiaries (including every beneficiary that falls within a designated characteristic or class)³⁵, and any natural person exercising ultimate ownership, ultimate control or ultimate effective control over the trust (including through a chain of control or ownership); and

(vi) for other types of legal arrangements, identify persons in equivalent or similar positions, as those described under subparagraph (i).

4.166.15 Where the customer is not a natural person, the merchant bank shall ~~take reasonable measures to~~ understand the nature of the customer's business and its ownership and control structure ~~of the customer~~.

4.176.16 A merchant bank shall not be required to inquire if there exists any beneficial owner in relation to a customer that is —

~~(n)(o)~~ a Singapore ~~government~~Government entity;

~~(o)(p)~~ a foreign government entity;

~~(p)(q)~~ an entity listed on the Singapore Exchange;

~~(q)(r)~~ an entity listed on a stock exchange outside of Singapore that is subject to ~~regulatory disclosure requirements~~;—

~~(r)(a)~~ a financial institution supervised by the Authority ~~(other than a holder of~~

³⁵ In relation to a beneficiary of a trust designated by characteristics or by class, the merchant bank shall obtain sufficient information about the beneficiary to satisfy itself that it will be able to establish the identity of the beneficiary —

(e) before making a distribution to that beneficiary; or

(f) when that beneficiary intends to exercise vested rights.

~~a money changer's licence or a holder of a remittance licence, unless specifically notified by the Authority);~~

~~(i)~~ regulatory disclosure requirements; and

~~(ii)~~ requirements relating to adequate transparency in respect of its beneficial owners (imposed through stock exchange rules, law or other enforceable means);

~~(s)~~ a financial institution set out in Appendix 1;

~~(s)(t)~~ a financial institution incorporated or established outside Singapore that is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF; or

~~(t)(u)~~ an investment vehicle where the managers are financial institutions —

~~(i)~~ supervised by the Authority set out in Appendix 1; or

~~(ii)~~ incorporated or established outside Singapore but are subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF,

unless the merchant bank has doubts about the veracity of the CDD information, or suspects that the customer, business relations with, or transaction is for the customer, may be connected with money laundering or ~~terrorist~~ terrorism financing.

~~4.186.17~~ 4.176.16 For the purposes of ~~paragraphs 4.17~~ paragraph 6.16(f) and 4.176.16(g)(ii), a merchant bank shall document the basis for its determination that the requirements in those paragraphs have been duly met.

(V) Information on the Purpose and Intended Nature of Business Relations

~~4.196.18~~ 4.196.18 A merchant bank shall ~~obtain from the customer~~, when processing the application to establish business relations, understand and as appropriate, obtain from the customer information as to the purpose and intended nature of business relations.

(VI) Ongoing Monitoring

~~4.206.19~~ 4.206.19 A merchant bank shall monitor on an ongoing basis, its business relations with customers.

~~4.246.20~~ 4.246.20 A merchant bank shall, during the course of business relations with a customer, observe the conduct of the customer's account and scrutinise

transactions undertaken throughout the course of business relations, to ensure that the transactions are consistent with the merchant bank's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

4.226.21 A merchant bank shall pay special attention to all complex ~~or~~, unusually large ~~transactions~~ or unusual patterns of transactions, undertaken throughout the course of business relations, that have no apparent or visible economic or lawful purpose.

6.22 For the purposes of ongoing monitoring, a merchant bank shall put in place and implement adequate systems and processes, commensurate with the size and complexity of the merchant bank, to —

(e) monitor its business relations with customers; and

(f) detect and report suspicious, complex, unusually large or unusual patterns of transactions.

4.236.23 A merchant bank shall, to the extent possible, inquire into the background and purpose of the transactions in paragraph 4.226.21 and document its findings with a view to making this information available to the relevant ~~competent~~ authorities should the need arise.

4.246.24 A merchant bank shall ~~periodically review the adequacy of customer identification~~ ensure that the CDD data, documents and information obtained in respect of customers, natural persons appointed to act on behalf of the customers, connected parties of the customers and beneficial owners ~~and ensure that~~ of the information is customers, are relevant and kept up-to-date ~~by undertaking reviews of existing CDD data, documents and information,~~ particularly for higher risk categories of customers.

6.25 Where there are any reasonable grounds for suspicion that existing business relations with a customer are connected with money laundering or terrorism financing, and where the merchant bank considers it appropriate to retain the customer —

(e) the merchant bank shall substantiate and document the reasons for retaining the customer; and

(f) the customer's business relations with the merchant bank shall be subject to commensurate risk mitigation measures, including enhanced ongoing monitoring.

6.26 Where the merchant bank assesses the customer or the business relations with the customer referred to in paragraph 6.25 to be of higher risk, the merchant

bank shall perform enhanced CDD measures, which shall include obtaining the approval of the merchant bank's senior management to retain the customer.

CDD Measures for Non-Face-to-Face VerificationBusiness Relations

4.256.27 A merchant bank shall ~~put in place~~develop policies and procedures to address any specific risks associated with non-face-to-face business ~~relationships~~relations with a customer or transactions for a customer.

4.266.28 A merchant bank shall implement the policies and procedures referred to in paragraph 4.256.27 when establishing business relations with a customer ~~relationships~~ and when conducting ongoing due diligence.

4.276.29 Where there is no face-to-face contact, the merchant bank shall ~~carry out~~perform CDD measures that are at least as stringent as those that would be required to be performed if there ~~were~~was face-to-face contact.

Reliance by Acquiring Merchant Bank on ~~Identification and Verification~~Measures Already Performed

4.286.30 When a merchant bank ("acquiring merchant bank") acquires, either in whole or in part, the business of another financial institution (whether in Singapore or elsewhere), the acquiring merchant bank shall perform ~~CDD~~the measures as required by paragraphs 6, 7 and 8, on the customers acquired with the business at the time of acquisition except where the acquiring merchant bank has —

- (e) acquired at the same time all corresponding customer records (including ~~customer identification~~CDD information) and has no doubt or concerns about the veracity or adequacy of the information so acquired; and
- (f) conducted due diligence enquiries that have not raised any doubt on the part of the acquiring merchant bank as to the adequacy of AML/CFT measures previously adopted in relation to the business or part thereof now acquired by the acquiring merchant bank, and document such enquiries.

CDD Measures for Non-Account ~~Holders~~Holder

4.296.31 A merchant bank that undertakes any transaction of a value exceeding S\$20,000, or effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who does not otherwise have business relations with the merchant bank shall —

- (e) establish and verify the identity of the customerperform CDD measures as if the customer had applied to the merchant bank to establish business relations; and

- (f) record adequate details of the transaction so as to permit the reconstruction of the transaction, including the nature and date of the transaction, the type and amount of currency involved, the value date, and the details of the payee or beneficiary.

~~4.301.1 Where a merchant bank suspects that two or more transactions are or may be related, linked or the result of a deliberate restructuring of an otherwise single transaction into smaller transactions in order to evade the measures provided for in this Notice, the merchant bank shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.~~

Timing for Verification

~~4.316.32~~ Subject to paragraph 4.32 of this Notice paragraphs 6.33 and 6.34, a merchant bank shall complete verification of the identity of a customer as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b) and beneficial owner/owners of the customer as required by paragraph 6.14 —

~~(e)(g)~~ before the merchant bank establishes business relations; or with the customer;

~~(f)(h)~~ before the merchant bank undertakes any transaction of a value exceeding S\$20,000 for a the customer, where the customer ~~does~~has not have otherwise established business relations with the merchant bank; or

~~(i)~~ before the merchant bank effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for any customer who has not otherwise established business relations with the merchant bank.

~~4.326.33~~ A merchant bank may establish business relations with a customer before completing the verification of the identity of the customer ~~and beneficial owner if as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b) and beneficial owners of the customer as required by paragraph 6.14 if~~ —

- (e) the deferral of completion of the verification ~~of the identity of the customer and beneficial owner~~ is essential in order not to interrupt the normal conduct of business operations; and
- (f) the risks of money laundering and ~~terrorist~~terrorism financing can be effectively managed by the merchant bank.

~~6.34~~ Where the merchant bank establishes business relations with a customer before ~~verification of~~verifying the identity of the customer ~~or as required by paragraph 6.9, natural persons appointed to act on behalf of the customer as required by paragraph 6.10(b), and beneficial owner~~owners of the customer as required by paragraph 6.14, the merchant bank shall —

(a) develop and implement internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification; and

~~(a)~~(b) complete such verification as soon as is reasonably practicable.

Where **CDD** Measures are Not Completed

~~4.336.35~~ Where the merchant bank is unable to complete ~~CDD~~the measures as required by paragraphs 6, 7 and 8, it shall ~~terminate the business relationship and not commence or continue business relations with any customer, or undertake any transaction for any customer. The merchant bank shall~~ consider if the circumstances are suspicious so as to warrant the filing of an STR.

~~6.36~~ For the purposes of paragraph 6.35, completion of the measures means the situation where the merchant bank has obtained, screened and verified (including by delayed verification as allowed under paragraphs 6.33 and 6.34) all necessary CDD information under paragraphs 6, 7 and 8, and where the merchant bank has received satisfactory responses to all inquiries in relation to such necessary CDD information.

Joint Account

~~4.346.37~~ In the case of a joint account, a merchant bank shall perform CDD measures on all of the joint account holders as if each of them were individually customers of the merchant bank.

Existing Customers

~~4.356.38~~ A merchant bank shall perform ~~such CDD~~the measures as ~~may be appropriate~~required by paragraphs 6, 7 and 8 in relation to its existing customers ~~having regard to, based on~~ its own assessment of materiality and risk, taking into account any previous measures applied, the time when the measures were last applied to such existing customers and the adequacy of data, documents or information obtained.

Screening

6.39 A merchant bank shall screen a customer, natural persons appointed to act on behalf of the customer, connected parties of the customer and beneficial owners of the customer against relevant money laundering and terrorism financing information sources, as well as lists and information provided by the Authority or other relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks in relation to the customer.

6.40 A merchant bank shall screen the persons referred to in paragraph 6.39 —

(k) when, or as soon as reasonably practicable after, the merchant bank establishes business relations with a customer;

(l) when the merchant bank undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with the merchant bank;

(m) when the merchant bank effects or receives any funds by domestic wire transfer, or by cross-border wire transfer that exceeds S\$1,500, for a customer who has not otherwise established business relations with the merchant bank;

(n) on a periodic basis after the merchant bank establishes business relations with the customer; and

(o) when there are any changes or updates to —

(v) the lists and information provided by the Authority or other relevant authorities in Singapore to the merchant bank; or

(vi) the natural persons appointed to act on behalf of a customer, connected parties of a customer or beneficial owners of a customer.

6.41 A merchant bank shall screen all wire transfer originators and wire transfer beneficiaries as defined in paragraph 11, against lists and information provided by the Authority and any other relevant authorities in Singapore for the purposes of determining if there are any money laundering or terrorism financing risks.

6.42 The results of screening and assessment by the merchant bank shall be documented.

57 SIMPLIFIED CUSTOMER DUE DILIGENCE

5.47.1 Subject to paragraph 5.27.4, a merchant bank may perform such simplified CDD measures as it considers adequate to effectively identify and verify the identity of ~~the~~ customer, ~~any~~ natural person appointed to act on ~~the customer's~~ behalf ~~of the customer~~ and any beneficial owner ~~of the customer (other than any beneficial owner that the merchant bank is exempted from making inquiries about under paragraph 6.16)~~ if it is satisfied that the risks of money laundering and ~~terrorist~~terrorism financing are low.

7.2 ~~No~~ The assessment of low risks shall be supported by an adequate analysis of risks by the merchant bank ~~shall perform.~~

5.27.3 The simplified CDD measures ~~in the following circumstances: shall be commensurate with the level of risk, based on the risk factors identified by the merchant bank.~~

7.4 (a) A merchant bank shall not perform simplified CDD measures —

(g) ~~where the customers are a customer or any beneficial owner of the customer is from or in countries and jurisdictions~~ a country or jurisdiction in relation to which the FATF has called for countermeasures;

~~(e)~~(h) where a customer or any beneficial owner of the customer is from or in a country or jurisdiction known to have inadequate AML/CFT measures, as determined by the merchant bank for itself or notified to merchant banks generally by the Authority, ~~or by~~ other foreign regulatory authorities; or

[MAS Notice 1014 (Amendment) 2009]

(b)

~~(f)~~(i) where the merchant bank suspects that money laundering or ~~terrorist~~terrorism financing is involved.

[MAS Notice 1014 (Amendment) 2009]

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5.37.5 Subject to paragraphs 7.2, 7.3 and 7.4, a merchant bank may perform simplified CDD measures in relation to a customer that is a financial institution ~~supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence, unless specifically notified by the Authority)~~ set out in Appendix 2.

5.47.6 Where the merchant bank performs simplified CDD measures in relation to a customer, any natural person appointed to act on behalf of the customer and any beneficial owner of the customer, it shall document —

- (e) the details of its risk assessment; and
- (f) the nature of the simplified CDD measures.

68 ENHANCED CUSTOMER DUE DILIGENCE

Politically Exposed Persons

6.18.1 For the purposes of paragraph **8**—

6.21.1 For the purposes of paragraph **6**—

“close associate” means a natural person who is closely connected to a politically exposed person—, either socially or professionally;

“domestic politically exposed person” means a natural person who is or has been entrusted domestically with prominent public functions—whether;

“family member” means a parent, step-parent, child, step-child, adopted child, spouse, sibling, step-sibling and adopted sibling of the politically exposed person;

“foreign politically exposed person” means a natural person who is or has been entrusted with prominent public functions in Singapore or a foreign country;
[MAS Notice 1014 (Amendment) 2009]

(c)(a) immediate family members of such a person; or

(d)(a) close associates of such a person.

“international organisation” means an entity established by formal political agreements between member countries that have the status of international treaties, whose existence is recognised by law in member countries and which is not treated as a resident institutional unit of the country in which it is located;

“international organisation politically exposed person” means a natural person who is or has been entrusted with prominent public functions in an international organisation;

“politically exposed person” means a domestic politically exposed person, foreign politically exposed person or international organisation politically exposed person; and

“prominent public functions” includes the roles held by a head of state, a head of government, government ministers, senior civil or public servants, senior judicial

or military officials, senior executives of state owned corporations, ~~and senior political party officials,~~ members of the legislature and senior management of international organisations.

~~6.31.1 A merchant bank shall, in addition to performing CDD measures specified in paragraph 4, perform enhanced CDD measures in relation to politically exposed persons, including but not limited to the following:~~

~~6.48.2 A merchant bank shall implement appropriate internal risk management systems, policies, procedures and controls to determine if a customer, any natural person appointed to act on behalf of the customer, any connected party of the customer or any beneficial owner of the customer is a politically exposed person, or a family member or close associate of a politically exposed person.~~

~~8.3 A merchant bank shall, in addition to performing CDD measures (specified in paragraph 6), perform at least the following enhanced CDD measures where a customer or any beneficial owner of the customer is determined by the merchant bank to be a politically exposed person, or a family member or close associate of a politically exposed person under paragraph 8.2:~~

~~(g) obtain approval from the merchant bank's senior management to establish or continue business relations where the customer or a beneficial owner is a politically exposed person or subsequently becomes a politically exposed person with the customer;~~

~~(h) establish, by appropriate and reasonable means, the source of wealth and source of funds of the customer ~~or~~ and any beneficial owner of the customer; and~~

~~(i) conduct, during the course of business relations with the customer, enhanced monitoring of business relations with the customer. In particular, the merchant bank shall increase the degree and nature of monitoring of the business relations with and transactions for the customer, in order to determine whether they appear unusual or suspicious.~~

Other High Risk Categories

~~8.4 A merchant bank shall may adopt a risk-based approach in determining whether to perform enhanced CDD measures in paragraph 6.2 for or the extent of enhanced CDD measures to be performed for —~~

~~(g) domestic politically exposed persons, their family members and close associates;~~

~~(h) international organisation politically exposed persons, their family~~

members and close associates; or

- (i) politically exposed persons who have stepped down from their prominent public functions, taking into consideration the level of influence such other categories of customers; persons may continue to exercise after stepping down from their prominent public functions, their family members and close associates.

except in cases where their business relations or transactions as with the merchant bank may assess to present a higher risk for money laundering and terrorist or terrorism financing.

Other Higher Risk Categories

8.5 A merchant bank shall give particular attention implement appropriate internal risk management systems, policies, procedures and controls to determine if business relations and with or transactions with for any person customer present a higher risk for money laundering or terrorism financing.

8.6 For the purposes of paragraph 8.5, circumstances where a customer presents or may present a higher risk for money laundering or terrorism financing include the following:

- (a) where a customer or any beneficial owner of the customer is from or in countries a country or jurisdiction in relation to which the FATF has called for countermeasures, the merchant bank shall treat any business relations with or transactions for any such customer as presenting a higher risk for money laundering or terrorism financing; and jurisdictions
- (a)(b) where a customer or any beneficial owner of the customer is from or in a country or jurisdiction known to have inadequate AML/CFT measures, as determined by the merchant bank for itself or notified to merchant banks generally by the Authority or other foreign regulatory authorities, the merchant bank shall assess whether any such customer presents a higher risk for money laundering or terrorism financing.

71 PERFORMANCE OF CDD MEASURES BY INTERMEDIARIES

8.7 A merchant bank shall perform the appropriate enhanced CDD measures in paragraph 8.3 for business relations with or transactions for any customer —

- (e) who the merchant bank determines under paragraph 8.5; or
- (f) the Authority or other relevant authorities in Singapore notify to the merchant bank,

as presenting a higher risk for money laundering or terrorism financing.

8.8 A merchant bank shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the merchant bank or notified to it by the Authority or other relevant authorities in Singapore, ensure that the enhanced CDD measures take into account the requirements of any laws, regulations or directions administered by the Authority, including but not limited to the regulations or directions issued by the Authority under section 27A of the MAS Act.

9 RELIANCE ON THIRD PARTIES

9.1 For the purposes of paragraph 9, “third party” means —

- (i) a financial institution set out in Appendix 2;
- (j) a financial institution which is subject to and supervised by a foreign authority for compliance with AML/CFT requirements consistent with standards set by the FATF (other than a holder of a money-changer’s licence or a holder of a remittance licence, or equivalent licences);
- (k) in relation to a merchant bank incorporated in Singapore, its branches, subsidiaries, parent entity, the branches and subsidiaries of the parent entity, and other related corporations; or
- (l) in relation to a merchant bank incorporated outside Singapore, its head office, its parent entity, the branches and subsidiaries of the head office, the branches and subsidiaries of the parent entity, and other related corporations.

7.49.2 Subject to paragraph 7.29.3, a merchant bank may rely on ~~an intermediary~~ third party to perform the ~~CDD measures in paragraph 4 of this Notice~~ as required by paragraphs 6, 7 and 8 if the following requirements are met:

- (g)(i) the merchant bank is satisfied that the ~~intermediary~~ third party it intends to rely upon is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF, and has adequate AML/CFT measures in place to comply with those requirements;
- (j) the ~~intermediary~~ the merchant bank takes appropriate steps to identify, assess and understand the money laundering and terrorism financing risks particular to the countries or jurisdictions that the third party operates in;
- (h)(k) the third party is not one ~~on~~ which merchant banks have been

specifically precluded by ~~the Authority from relying upon; and~~

~~(i)(l)~~ the intermediary third party is able and willing to provide, without delay, upon the merchant bank's request, any document data, documents or information obtained by the intermediary third party with respect to the measures applied on the merchant bank's customer, which the merchant bank would be required or would want to obtain.

~~[MAS Notice 1014 (Amendment) 2009]~~

~~7.29.3~~ No merchant bank shall rely on an intermediary third party to conduct ongoing monitoring of business relations with customers.

~~7.39.4~~ Where a merchant bank relies on an intermediary third party to perform the ~~CDD~~ measures as required by paragraphs 6, 7 and 8, it shall: —

(e) ~~(a)~~ document the basis for its satisfaction that the requirements in paragraph ~~7.19.2(a) and (b)~~ have been met, except where the intermediary third party is a financial institution ~~supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence); set out in Appendix 2;~~ and

~~[MAS Notice 1014 (Amendment) 2009]~~

(b)

(f) immediately obtain from the intermediary third party the CDD information which the intermediary third party had obtained.

~~[MAS Notice 1014 (Amendment) 2009]~~

~~7.49.5~~ For the avoidance of doubt, notwithstanding the reliance upon an intermediary third party, the merchant bank shall remain responsible for its AML/CFT obligations in this Notice.

810 CORRESPONDENT BANKING

~~8.410.1~~ Paragraph 810 applies to a merchant bank ~~in Singapore~~ when it provides correspondent banking or other similar services in Singapore to ~~another~~ merchant bank or financial institution that is operating outside Singapore.

~~8.210.2~~ For the purposes of paragraph ~~8~~ —

10.3 For the purposes of paragraph 10 —

“correspondent bank” means ~~the~~ a merchant bank in Singapore that provides or intends to provide correspondent banking or other similar services ~~in Singapore~~;

“cross-border “correspondent banking” means ~~correspondent the provision of~~ banking services ~~provided by a correspondent bank~~ to a ~~bank or financial institution that is operating outside Singapore;~~ respondent bank;

“payable-through account” means an account maintained at the correspondent bank by the respondent bank but which is accessible directly by a third party to effect transactions on its own behalf;

“respondent bankfinancial institution” means ~~the~~ a bank or financial institution, outside Singapore to ~~whom~~which correspondent banking or other similar services ~~in Singapore~~ are provided; ~~and~~

“shell bankfinancial institution” means a bank or financial institution incorporated, formed or established in a country or jurisdiction where the bank or financial institution has no physical presence and which is unaffiliated ~~to~~with a ~~regulated~~ financial group- that is subject to effective consolidated supervision; and

“similar services” include services undertaken for securities transactions or funds transfers, for the financial institution that is operating outside Singapore, whether as principal or for its customers.

~~8.3~~10.4 A merchant bank in Singapore shall perform the following measures, in addition to CDD measures, when providing ~~cross-border~~ correspondent banking or other similar services —

~~(d)~~(g) assess the suitability of the respondent bankfinancial institution by taking the following steps:

- (i) gather adequate information about the respondent bankfinancial institution to understand fully the nature of the respondent bank’sfinancial institution’s business, including making appropriate inquiries on its management, its major business activities and the countries or jurisdictions in which it operates;
- (ii) determine from any available sources the reputation of the respondent bankfinancial institution and, ~~as far as practicable,~~ the quality of supervision over the respondent bankfinancial institution, including ~~where possible~~ whether it has been the subject of money laundering or ~~terrorist~~terrorism financing investigation or regulatory action; and
- (iii) assess the respondent bank’sfinancial institution’s AML/CFT controls and ascertain that they are adequate and effective, having regard to the AML/CFT measures of the country or jurisdiction in which the respondent bankfinancial institution

operates;

~~(e)(h)~~ clearly understand and document the respective AML/CFT responsibilities of each ~~bank~~financial institution; and

~~(f)(i)~~ obtain approval from the merchant bank's senior management ~~to provide new-before providing~~ correspondent banking or similar services- to a new financial institution.

~~8.410.5~~ Where the ~~cross-border~~correspondent banking or other similar services involve a payable-through account, the correspondent bank shall be satisfied that —

~~(e)(e)~~ the respondent ~~bank~~financial institution has performed appropriate ~~CDD~~ measures at least equivalent to those specified in paragraph ~~46~~ on the third party having direct access to the payable-through account; and

~~(d)(f)~~ the respondent ~~bank~~financial institution is able to perform ongoing monitoring of its business relations with that third party and is willing and able to provide ~~customer-identification~~CDD information to the correspondent bank upon request.

~~8.510.6~~ The correspondent bank shall document the basis for its satisfaction that the requirements in paragraphs ~~810.3~~ and ~~810.4~~ are met.

~~8.610.7~~ No merchant bank ~~in Singapore~~ shall enter into or continue correspondent banking ~~relations~~or other similar services relationship with ~~those~~another bank or financial institution that ~~does~~ not have adequate controls against ~~criminal money laundering or terrorism financing~~ activities- ~~or that are, is~~ not effectively supervised by the relevant authorities; or ~~is~~ a shell ~~bank~~financial institution.

[MAS Notice 1014 (Amendment) 2013]

~~8.710.8~~ A merchant bank shall also take appropriate measures when establishing correspondent banking ~~relations~~or other similar services relationship, to satisfy itself that its respondent ~~banks~~financial institutions do not permit their accounts to be used by shell ~~banks~~financial institutions.

911 WIRE TRANSFERS

~~9.411.1~~ Paragraph ~~911~~ shall apply to a merchant bank ~~in Singapore~~ when it effects the sending of funds by wire transfer or when it receives funds (including serial payments and cover payments) by wire transfer on the account of ~~a person~~the wire transfer originator or the wire transfer beneficiary but shall not apply to a transfer and settlement between the merchant bank and another financial institution where the merchant bank and the other financial institution are acting

on their own behalf as the wire transfer originator and the wire transfer beneficiary institution.

9.211.2 For the purposes of paragraph 911 —

~~“beneficiary institution” means the financial institution that receives the funds on the account of the wire transfer beneficiary;~~

~~“cross-border wire batch transfer” means a transfer comprising a number of individual wire transfers that are sent by a wire transfer where originator to the same financial institutions, irrespective of whether the individual wire transfers are intended ultimately for one or more wire transfer beneficiaries;~~

~~“cover payment” means a wire transfer that combines a payment message sent directly by the ordering institution to the beneficiary institution with the routing of the funding instruction from the ordering institution and to the beneficiary institution are in different countries or jurisdictions through one or more intermediary institutions;~~

~~“intermediary institution” means the financial institution that is an intermediary in the wire transfer in a serial payment or cover payment chain;~~

~~“ordering institution” means the financial institution that acts on the instructions of the wire transfer originator in sending the funds;~~

~~“that receives and transmits a wire transfer beneficiary” means the person to whom or for whose benefit the funds are sent; and on behalf of the ordering institution and the beneficiary institution, or another intermediary institution;~~

~~“serial payment” means a direct sequential chain of payment where the wire transfer and accompanying payment message travel together from the ordering institution to the beneficiary institution, directly or through one or more intermediary institutions;~~

~~“straight-through processing” means payment transactions that are conducted electronically without the need for manual intervention;~~

~~“unique transaction reference number” means a combination of letters, numbers or symbols, determined by the payment service provider in accordance with the protocols of the payment and settlement system or messaging system used for the wire transfer, and which permits the traceability of the wire transfer;~~

~~“wire transfer beneficiary” means the natural person, legal person or legal arrangement who is identified by the wire transfer originator” means as the person who initiates receiver of the sending of wire transfer funds; and~~

“wire transfer originator” means the account holder who allows the wire transfer from that account, or where there is no account, the natural person, legal person or legal arrangement that places the wire transfer order with the ordering institution to perform the wire transfer.

Responsibility of the Ordering Institution

(I) Identification and Recording of Information

9.311.3 Before effecting a wire transfer, every merchant bank that is an ordering institution shall —

- (e) identify the wire transfer originator and verify his or its identity, as the case may be (if the merchant bank has not already done so by virtue of paragraph 46); and
- (f) ~~record adequate~~ details of the wire transfer so as to permit its reconstruction, including ~~at least~~ but not limited to, the date of the wire transfer, the type and amount of currency ~~involved, transferred and~~ the value date ~~and the details of the wire transfer beneficiary and the beneficiary institution.~~

(II) Cross-border Wire Transfers ~~Exceeding~~ Below or Equal To S\$~~2,000~~1,500

9.411.4 In a cross-border wire transfer where the amount to be transferred ~~exceeds~~ is below or equal to S\$~~2,000~~1,500, every merchant bank which is an ordering institution shall include in the message or payment instruction that accompanies or relates to the wire transfer the following:

- ~~(e)~~ (i) the name of the wire transfer originator;
- ~~(f)~~ (j) the wire transfer originator’s account number (or unique transaction reference number ~~assigned by the ordering institution~~ where no account number exists); ~~and~~
- (k) the name of the wire transfer beneficiary; and
- (l) the wire transfer beneficiary’s account number (or unique transaction reference number where no account number exists).

(III) Cross-border Wire Transfers Exceeding S\$1,500

11.5 In a cross-border wire transfer where the amount to be transferred exceeds S\$1,500, every merchant bank which is an ordering institution shall include in the message or payment instruction that accompanies or relates to the wire transfer the information required by paragraph 11.4(a) to 11.4(d) and any of the

following:

(c) the wire transfer originator's —
(i) residential address, or

(ii) registered or business address, and if different, principal place of
business,

as may be appropriate;

(f) the wire transfer originator's unique identification number, or (such as an
identity card number, birth certificate number or passport number, or
where the wire transfer originator is not a natural person, the
incorporation number or business registration number); or

(d)(g) the date and place of birth, incorporation or registration of the wire
transfer originator (as may be appropriate).

11.6 Where several individual cross-border wire transfers from a single wire transfer
originator are bundled in a batch file for transmission to wire transfer
beneficiaries, a merchant bank shall ensure that the batch transfer file contains

—

(a) the wire transfer originator information required by paragraph 11.5³⁶ and
which has been verified; and

(b) the wire transfer beneficiary information required by paragraph 11.5³⁷,

which are fully traceable within the beneficiary country.

(IV) Domestic Wire Transfers

9.511.7 In a domestic wire transfer, every merchant bank that is an ordering institution
shall either —

(e) include in the message or payment instruction that accompanies or
relates to the wire transfer all the following:

(i) the name of the wire transfer originator information required to be
included as if the;

(ii) the wire transfer originator's account number (or unique transaction

³⁶ Please note the references to paragraph 11.4(a) and (b) in paragraph 11.5.

³⁷ Please note the references to paragraph 11.4(c) and (d) in paragraph 11.5.

~~had been~~ reference number where no account number exists);
and

(iii) any of the following:

(A) the wire transfer originator's:

(5) residential address; or

(6) registered or business address, and if different, principal place of business,

as may be appropriate;

(B) the wire transfer originator's unique national identification number (such as an identity card number, birth certificate number or passport number, or where the wire transfer originator is not a cross-border wire transfer exceeding S\$2,000; or natural person, the incorporation number or business registration number);

(C) the date and place of birth, incorporation or registration of the wire transfer originator (as may be appropriate); or

(f) include only the wire transfer originator's account number (or unique transaction reference number where no account number exists) but be in a position to make), provided —

(i) that these details will permit the remaining transaction to be traced back to the wire transfer originator and wire transfer beneficiary;

(ii) the ordering institution shall provide the wire transfer originator information available set out in paragraph 11.7(a) within 3 working business days of a request being made for such information by the beneficiary institution, by the Authority or other relevant authorities in Singapore; and

(iii) the ordering institution shall provide the wire transfer originator information set out in paragraph 11.7(a) immediately upon request for such information by law enforcement authorities in Singapore.

11.8 All wire transfer originator and beneficiary information collected by the ordering institution shall be documented.

9.611.9 Where the ordering institution is unable to comply with the requirements in paragraphs 11.3 to 11.8, it shall not execute the wire transfer.

Responsibility of the Beneficiary Institution

11.10 A merchant bank that is a beneficiary institution shall take reasonable measures, including post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers that lack the required wire transfer originator or required wire transfer beneficiary information.

11.11 For cross-border wire transfers, a beneficiary institution shall identify and verify the identity of the wire transfer beneficiary if the identity has not been previously verified.

9.711.12 A merchant bank that is a beneficiary institution shall implement appropriate internal risk-based policies, procedures and controls for ~~identifying and handling in-coming wire transfers that are not accompanied by complete originator information.~~ determining —

(e) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and

(f) the appropriate follow-up action.

Responsibility of the Intermediary Institution

11.13 A merchant bank that is an intermediary institution shall, ~~in passing onward the message or payment instruction, maintain~~ retain all the required wire transfer originator and wire transfer beneficiary information accompanying the wire transfer.

9.811.14 Where technical limitations prevent the required wire transfer originator or wire transfer beneficiary information accompanying a cross-border wire transfer from remaining with the wire transfer a related domestic wire transfer, a record shall be kept, for at least five years, by the receiving intermediary institution of all the information received from the ordering institution or another intermediary institution.

11.15 An intermediary institution shall take reasonable measures, which are consistent with straight-through processing, to identify cross-border wire transfers that lack the required wire transfer originator or wire transfer beneficiary information.

11.16 An intermediary institution shall implement appropriate internal risk-based policies, procedures and controls for determining —

(e) when to execute, reject, or suspend a wire transfer lacking required wire transfer originator or wire transfer beneficiary information; and

(b)(f) the appropriate follow-up action.

1012 RECORD KEEPING

~~12.1~~ A merchant bank shall A merchant bank shall, in relation to all data, documents and information that the merchant bank is required to obtain or produce to meet the requirements under this Notice, prepare, maintain and retain documentation on all its business relations and transactions with its customers records of such data, documents and information.

~~10.4~~ 12.2 A merchant bank shall perform the measures as required by paragraph 12.1 such that —

- (i) all requirements imposed by law (including this Notice) are met;
- (j) any individual transaction undertaken by the merchant bank can be reconstructed (including the amount and type of currency involved) so as to provide, if necessary, evidence for prosecution of criminal activity;
- (k) the Authority or other relevant ~~competent~~ authorities in Singapore and the internal and external auditors of the merchant bank are able to review the merchant bank's business relations, transactions, records and CDD information and assess the level of compliance with this Notice; and
- (l) the merchant bank can satisfy, within a reasonable time or any more specific time period imposed by law or by the requesting authority, any enquiry or order from the relevant ~~competent~~ authorities in Singapore for information.

~~10.2~~ 12.3 Subject to paragraph 10.4 ~~12.5~~ and any other requirements imposed by law, a merchant bank shall, for the purposes of record retention under paragraphs 12.1 and 12.2, and when setting its record retention policies, comply with the following ~~document~~ record retention periods:

- ~~(d)~~ (a) ~~a period of at least 5 years following the termination of business relations for customer identification for CDD information, and other documents relating to the establishment of business relations, wire transfers and transactions undertaken without an account being opened, as well as account files and, business correspondence; and~~
- (e) results of any analysis undertaken, a period of at least 5 years following the termination of such business relations or completion of the transaction for records such wire transfers or transactions; and
- ~~(e)~~ (f) for data, documents and information relating to a transaction, including any information needed to explain and reconstruct the transaction. ~~—, a~~

period of at least 5 years following the completion of the transaction.

~~40.312.4~~ A merchant bank may retain data, documents and information as originals or copies, in paper or electronic form or on microfilm, provided that they are admissible as evidence in a Singapore court of law.

~~40.412.5~~ A merchant bank shall retain records of data, documents and information on all its business relations with or transactions for a customer pertaining to a matter which is under investigation or which has been the subject of an STR ~~for such longer period as may be necessary,~~ in accordance with any request or order from STRO or ~~from~~ other relevant ~~competent~~ authorities in Singapore.

13 PERSONAL DATA

13.1 For the purposes of paragraph 13, "individual" means a natural person, whether living or deceased.

13.2 Subject to paragraph 13.3 and for the purposes of complying with this Notice, a merchant bank shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with —

(j) any access to personal data about the individual that is in the possession or under the control of the merchant bank;

(k) any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the merchant bank; and

(l) any right to correct an error or omission of the personal data about the individual that is in the possession or under the control of the merchant bank.

13.3 A merchant bank shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to —

(e) access the following types of personal data of that individual, that is in the possession or under the control of the merchant bank:

~~(vii)~~(xvi) his full name, including any alias;

~~(viii)~~(xvii) his unique identification number (such as an identity card

number, birth certificate number or passport number);

(xviii) his residential address;

(xix) his date of birth;

(xx) his nationality;

(xxi) subject to section 21(2) and (3) read with the Fifth Schedule to the Personal Data Protection Act 2012 (Act 26 of 2012), any other personal data of the respective individual provided by that individual to the merchant bank; and

(f) subject to section 22(7) read with the Sixth Schedule to the Personal Data Protection Act, correct an error or omission in relation to the types of personal data set out in subparagraphs (a)(i) to (vi), provided the merchant bank is satisfied that there are reasonable grounds for such request.

13.4 For the purposes of complying with this Notice, a merchant bank may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, without the respective individual's consent.

11.14 SUSPICIOUS TRANSACTIONS REPORTING

11.14.1 ~~A~~ merchant bank shall keep in mind the provisions in the ~~Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act~~³⁸ ~~CDSA~~ and in the ~~Terrorism (Suppression of Financing) Act (Cap. 325)~~ ~~TSOFA~~ that provide for the reporting to the ~~competent~~ authorities of transactions suspected of being connected with money laundering or ~~terrorist~~ ~~terrorism~~ financing, and implement appropriate internal policies, procedures and controls for meeting its obligations under the law, including the following:

- (e) establish a single reference point within the organisation to whom all employees and officers are instructed to promptly refer all transactions suspected of being connected with money-laundering or ~~terrorist~~ ~~terrorism~~ financing, for possible referral to STRO via STRs; and
- (f) keep records of all transactions referred to STRO, together with all internal findings and analysis done in relation to them.

³⁸ Please note in particular section 48 of the ~~Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act~~ ~~CDSA~~ on tipping-off.

~~11.2~~14.2 A merchant bank shall promptly submit reports on suspicious transactions (including attempted transactions), regardless of the amount of the transaction, to STRO, and extend a copy to the Authority for information.

~~11.3~~14.3 A merchant bank shall consider if the circumstances are suspicious so as to warrant the filing of an STR and document the basis for its determination, including where—

- (e) the merchant bank is for any reason unable to complete ~~CDD~~the measures as required by paragraphs 6, 7 and 8; or
- (f) the customer is reluctant, unable or unwilling to provide any information requested by the merchant bank, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

14.4 Where a merchant bank forms a suspicion of money laundering or terrorism financing, and reasonably believes that performing any of the measures as required by paragraphs 6, 7 or 8 will tip-off a customer, a natural person appointed to act on behalf of the customer, a connected party of the customer or a beneficial owner of the customer, the merchant bank may stop performing those measures. The merchant bank shall document the basis for its assessment and file an STR.

12.15 INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING

~~12.1~~15.1 A merchant bank shall develop and implement adequate internal policies, procedures and controls, taking into consideration its money laundering and terrorism financing risks and the size of its business, to help prevent money laundering and ~~terrorist~~terrorism financing and communicate these to its employees.

~~12.2~~15.1 The policies, procedures and controls shall ~~include, amongst other things, CDD measures, record retention, the detection of unusual and/or suspicious transactions and the obligation to make suspicious transaction reports.~~

meet all requirements

~~12.3~~15.2 A merchant bank shall ~~take into consideration money laundering and terrorist financing threats that may arise from the use of new or developing technologies, especially those that favour anonymity, in formulating its policies, procedures and controls~~this Notice.

Group Policy

~~15.3~~ For the purposes of paragraphs 15.4 to 15.9, a reference to merchant bank that is means a merchant bank incorporated in Singapore.

~~12.4~~15.4 A merchant bank shall develop a group policy on AML/CFT to meet all requirements of this Notice and extend this to all of its branches and subsidiaries ~~outside Singapore~~in its financial group.

15.5 Where a merchant bank has a branch or subsidiary in a host country or jurisdiction —

(e) in relation to which the FATF has called for countermeasures; or

(f) known to have inadequate AML/CFT measures ~~(as determined by the merchant bank for itself or notified to merchant banks generally by the Authority or by other foreign regulatory authorities)~~.

the merchant bank shall ensure that its group policy on AML/CFT is strictly observed by the management of that branch or subsidiary.

~~15.6~~ Subject to the merchant bank putting in place adequate safeguards to protect the confidentiality and use of any information that is shared, the merchant bank shall develop and implement group policies and procedures for its branches and subsidiaries within the financial group, to share information required for the purposes of CDD and for money laundering and terrorism financing risk management, to the extent permitted by the law of the countries or jurisdictions that its branches and subsidiaries are in.

~~15.7~~ Such policies and procedures shall include the provision, to the merchant bank's group-level compliance, audit, and AML/CFT functions, of customer, account, and transaction information from its branches and subsidiaries within the financial group, when necessary for money laundering and terrorism financing risk management purposes.

~~12.5~~15.8 Where the AML/CFT requirements in the host country or jurisdiction differ from those in Singapore, the merchant bank shall require that the overseas branch or subsidiary apply the higher of the two standards, to the extent that the law of the host country or jurisdiction so permits.

~~12.6~~15.9 Where the law of the host country or jurisdiction conflicts with Singapore law such that the overseas branch or subsidiary is unable to fully observe the higher standard, the merchant bank's head office shall bank shall apply additional appropriate measures to manage the money laundering and terrorism financing risks, report this to the Authority and comply with such further directions as may be given by the Authority.

Compliance

~~12.7~~15.10 A merchant bank shall develop appropriate compliance management arrangements, including at least, the appointment of ~~a management level officer as the an~~ AML/CFT compliance officer at the management level.

~~12.8~~15.11 A merchant bank shall ensure that the AML/CFT compliance officer, as well as any other persons appointed to assist him, hasis suitably qualified and, has adequate resources and timely access to all customer records and other relevant information which ~~they require~~he requires to discharge ~~their~~his functions.

Audit

~~12.9~~15.12 A merchant bank shall maintain an audit function that is adequately resourced and independent, and ~~which will be~~that is able to regularly assess the effectiveness of the merchant bank's internal policies, procedures and controls, and its compliance with regulatory requirements.

Employee Hiring

~~12.10~~15.13 A merchant bank shall have in place screening procedures to ensure high standards when hiring employees and appointing officers.

Training

~~12.11~~15.14 A merchant bank shall take all appropriate steps to ensure that its employees and officers³⁹ (whether in Singapore or overseaselsewhere) are regularly and appropriately trained on —

- (g) AML/CFT laws and regulations, and in particular, CDD measures, detecting and reporting of suspicious transactions;
- (h) prevailing techniques, methods and trends in money laundering and ~~terrorist~~terrorism financing; and
- (i) the merchant bank's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of employees and officers in

³⁹ ~~"Officer" —~~

~~(g)(a) in relation to a licensee that is a body corporate (other than a limited liability partnership), means any director or any member of the committee of management of the body corporate;~~

~~(h)(a) in relation to a licensee that is a partnership (including a limited liability partnership), means any partner and manager (in the case of a limited liability partnership); and~~

~~(i)(a) in relation to a licensee that is a body unincorporate (other than a partnership), means any member of the committee of management of the body unincorporate,~~

~~where applicable.~~

combating money laundering and ~~terrorist~~terrorism financing.
[MAS Notice 1014 (Amendment) 2013]

~~131~~PERSONAL DATA

~~13.1~~ For the purposes of paragraph 13—

~~(g)(a)~~ “personal data” has the same meaning as defined in section 2(1) of the Personal Data Protection Act (Cap. 26);

~~(h)(a)~~ “individual” means a natural person, whether living or deceased; and

~~(i)(a)~~ “connected party”

~~(k)(i)~~ in relation to a company, means any director or any natural person having executive authority in the company;

~~(kk)(ii)~~ in relation to a partnership, a limited partnership within the meaning of the Limited Partnerships Act (Cap. 163B) or a limited liability partnership within the meaning of the Limited Liability Partnerships Act (Cap. 163A), means any partner or manager; and

~~(kkk)(iii)~~ in relation to any other body corporate or unincorporate, means any natural person having executive authority in such body corporate or unincorporate, where applicable.

~~13.2~~ Subject to paragraph 13.3 and for the purposes of complying with this Notice, a merchant bank shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, with:

~~(l)(m)~~ any access to personal data about the individual that is in the possession or under the control of the ~~merchant bank~~;

~~(m)(n)~~ any information about the ways in which the personal data of the individual under subparagraph (a) has been or may have been used or disclosed by the merchant bank; and

~~(n)(a)~~ any right to correct an error or omission of the personal data about the individual that is in the possession of or under the control of the merchant bank.

~~13.3~~ A merchant bank shall, as soon as reasonably practicable, upon the request of an individual customer, an individual appointed to act on behalf of a customer,

~~an individual connected party of a customer or an individual beneficial owner of a customer, provide the requesting individual with the right to:~~

~~(e)(a) access the following types of personal data of that individual, that is in the possession or under the control of the merchant bank:~~

~~(ix)(xxii) his full name, including any alias;~~

~~(x)(xxiii) his unique identification number (such as an identity card number, birth certificate number or passport number);~~

~~i. his existing residential address and contact telephone number(s);~~

~~ii.i. his date of birth;~~

~~iii.i. his nationality;~~

~~iv.i. subject to section 21(2) and (3) read with the Fifth Schedule to the Personal Data Protection Act, any other personal data of the respective individual provided by that individual to the merchant bank; and~~

~~(f)(a) subject to section 22(7) and the Sixth Schedule to the Personal Data Protection Act, correct an error or omission in relation to the types of personal data set out in paragraphs (a)(i) to (vi), provided the merchant bank is satisfied that there are reasonable grounds for such request.~~

~~13.4 For the purposes of complying with this Notice, a merchant bank may, whether directly or through a third party, collect, use and disclose personal data of an individual customer, an individual appointed to act on behalf of a customer, an individual connected party of a customer or an individual beneficial owner of a customer, without the respective individual's consent.~~

~~[MAS Notice 1014 (Amendment) 2014]~~

Endnotes on History of Amendments

7. MAS Notice 1014 dated 2 July 2007 with effect from 2 July 2007.

(a) MAS Notice 1014 (Amendment) 2009 dated with effect from 3 July 2009.

(b) MAS Notice 1014 (Amendment) 2009 with effect from 2 December 2009.

(c) MAS Notice 1014 (Amendment) 2013 dated with effect from 23 January 2013.

(d) MAS Notice 1014 (Amendment) 2014 dated with effect from 1 July 2014.

8. MAS Notice 1014 dated 2 July 2007 cancelled with effect from 24 May 2015.

9. MAS Notice 1014 dated 24 April 2015 with effect from 24 May 2015.

Appendix 1

4. Financial institutions that are licensed, approved, registered (including a fund management company registered under paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10)) or regulated by the Authority but do not include □
 - (a) holders of stored value facilities, as defined in section 2(1) of the Payment Systems (Oversight) Act (Cap. 222A); and
 - (b) a person (other than a person referred to in paragraphs 2 and 3) who is exempted from licensing, approval or regulation by the Authority under any Act administered by the Authority, including a private trust company exempted from licensing under section 15 of the Trust Companies Act (Cap. 336) read with regulation 4 of the Trust Companies (Exemption) Regulations (Rg. 1).
5. Persons exempted under section 23(1)(f) of the Financial Advisers Act (Cap. 110) read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg. 2).
6. Persons exempted under section 99(1)(h) of the Securities and Futures Act (Cap. 289) read with paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations.

Note: For the avoidance of doubt, the financial institutions set out in Appendix 2 fall within Appendix 1.

Appendix 2

1. Banks in Singapore licensed under section 7 of the Banking Act (Cap.19).
2. Merchant banks approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186).
3. Finance companies licensed under section 6 of the Finance Companies Act (Cap. 108).
4. Financial advisers licensed under section 6 of the Financial Advisers Act (Cap. 110) except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.
5. Holders of a capital markets services licence under section 82 of the Securities and Futures Act (Cap. 289).
6. Fund management companies registered under paragraph 5(1)(i) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg. 10).
7. Persons exempted under section 23(1)(f) of the Financial Advisers Act read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg. 2) except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.
8. Persons exempted under section 99(1)(h) of the Securities and Futures Act read with paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations.
9. Approved trustees approved under section 289 of the Securities and Futures Act.
10. Trust companies licensed under section 5 of the Trust Companies Act (Cap. 336).
11. Direct life insurers licensed under section 8 of the Insurance Act (Cap. 142).
12. Insurance brokers registered under the Insurance Act which, by virtue of such registration, are exempted under section 23(1)(c) of the Financial Advisers Act except those which only provide advice by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product.