

## **ANNEX E: PROPOSED KEY AMENDMENTS TO MAS NOTICE 314**

### **1 NEW REQUIREMENT**

#### **1.1 Assessing Risks and Applying a Risk-Based Approach – Paragraphs 4.1 to 4.3**

1.1.1 MAS adopts a risk-based approach (RBA) in its supervision of financial institutions. The use of an RBA in the implementation of AML/CFT controls allows for resources to be effectively allocated according to the level of risk. In this regard, MAS and other Singapore authorities undertook a money laundering and terrorism financing (ML/TF) risk assessment exercise at the national level which culminated with the publication on 10 January 2014 of the Singapore National Money Laundering and Terrorist Financing Risk Assessment Report 2013 ([NRA](#)<sup>1</sup>). The key purpose of publishing the NRA was to help private sector stakeholders, including financial institutions, better understand the ML/TF risks in their sector, as well as those that they deal with.

1.1.2 MAS Notice 314 will include new obligations for direct life insurers to identify and assess the overall ML/TF risks they face as an institution, and to take commensurate steps to mitigate these risks effectively. Direct life insurers should take into account the results of Singapore's NRA when making this assessment, and ensure that the resources and mitigating measures in place are commensurate with the ML/TF risks identified. Such risk assessments should be updated and reviewed on a regular basis.

### **2 CLARIFICATION OF EXISTING EXPECTATIONS**

#### **2.1 New Products, Practices and Technologies – Paragraphs 5.1 to 5.3**

MAS Notice 314 will be revised to clarify risk assessment and mitigation requirements in relation to new products, practices and technologies.

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<sup>1</sup> [http://www.mas.gov.sg/~media/resource/news\\_room/press\\_releases/2014/Singapore%20NRA%20Report.pdf](http://www.mas.gov.sg/~media/resource/news_room/press_releases/2014/Singapore%20NRA%20Report.pdf)

## **2.2 Reasonable Grounds for Suspicion – Paragraphs 6.2, 6.34 and 6.35**

2.2.1 MAS had previously explained in its response to the feedback in its March 2013 Consultation Paper to Designate Tax Crimes as Money Laundering Predicate Offences in Singapore, its supervisory expectations with respect to deterring illicit monies arising from tax evasion, which is now part of the predicate offences pursuant to [Singapore's AML regime](#)<sup>2</sup>.

2.2.2 MAS Notice 314 will be amended to clarify the following existing expectations:

- a. Prospective customers. Direct life insurers should not establish business relations with prospective customers if there are reasonable grounds to suspect that the assets or funds of the said customer are proceeds of serious offences.
- b. Existing customers. Where there are reasonable grounds to suspect that an existing customer is connected with ML/TF activities, specific steps need to be taken by the direct life insurer, including consideration whether to continue the relationship. Should the direct life insurer decide to retain the customer, the direct life insurer should also take mitigating measures which are commensurate with its risk assessment.

## **2.3 Performing Customer Due Diligence – Paragraph 6.3**

MAS Notice 314 will be amended to remove the reference to customer due diligence (CDD) when undertaking transactions for customers who have not otherwise established business relations with the direct life insurer. This reference is unnecessary as direct life insurers do not undertake transactions for customers without establishing business relations.

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<sup>2</sup> <http://statutes.agc.gov.sg/aol/search/display/view.w3p?page=0;query=Compld%3Ae656bc3e-f045-429e-8eda-b16a8c26a419;rec=0;resUrl=http%3A%2F%2Fstatutes.agc.gov.sg%2Faol%2Fbrowse%2FtitleResults.w3p%3Bletter%3DC%3Btype%3DactsAll#legis>

## **2.4 Identification and Verification of Identity of Beneficiaries – Paragraphs 6.13 and 6.14**

MAS Notice 314 will be amended to clarify existing expectations for direct life insurers in relation to the identification and verification of identity of beneficiaries. Direct life insurers are to identify and verify the identity of beneficiaries of life insurance policies who are specifically named natural persons, legal persons or legal arrangements. This includes beneficiaries that are nominated under section 49L or 49M of the Insurance Act (Cap. 142). Direct life insurers are to also identify and verify the identity of beneficiaries of life insurance policies who are designated by characteristics, by class or by other means. This includes beneficiaries that are designated under a will, as well as beneficiaries identified according to the rules for distribution under section 7 of the Intestate Succession Act (Cap. 146).

## **2.5 Identification and Verification of Identity of Beneficial Owners – Paragraphs 6.18 to 6.25**

2.5.1 The revised MAS Notice 314 will provide further elaboration of the cascading measures direct life insurers need to undertake when identifying and verifying the identity of beneficial owners of legal persons and legal arrangements.

2.5.2 For legal persons —

- a. Direct life insurers are to take reasonable measures to identify the natural persons who ultimately own the legal person.
- b. Where there is doubt 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, direct life insurers are to identify the natural persons who ultimately control the legal person.
- c. If no natural person has been identified after steps (a) and (b), direct life insurers will need to identify the natural persons having executive authority in the legal person, or in equivalent or similar positions.

2.5.3 When dealing with legal arrangements, direct life insurers will need to identify the trustee(s), settlor, protector (where applicable), beneficiaries, and any natural person exercising ultimate ownership or control over the trust, as well as take reasonable measures to verify their identities.

2.5.4 The amended MAS Notice 314 will also state that the requirements on identification and verification of identity of beneficial owners, extend to beneficial owners of beneficiaries who are legal persons or legal arrangements assessed by the direct life insurer to present a higher ML/TF risk.

## **2.6 Jointly-owned Policies – Paragraph 6.46**

MAS Notice 314 will be amended to clarify existing expectations for direct life insurers, in cases of jointly-owned policies, to perform CDD measures on all of the policy owners.

## **2.7 Customer Screening – Paragraphs 6.48 to 6.52**

2.7.1 MAS Notice 314 will be revised to clarify existing expectations for direct life insurers to conduct customer and related parties screening. The scope of screening will include the customer, natural persons appointed to act on behalf of the customer, connected parties, beneficiaries, payees, beneficial owners of the customer and beneficial owners of beneficiaries who are legal persons or legal arrangements assessed by the direct life insurer to present a higher ML/TF risk.

2.7.2 A screening process is fundamental to managing ML/TF risks. Direct life insurers are expected to have adequate systems, procedures and processes to perform effective screening to identify any parties who are sanctioned or suspected to be involved in ML/TF activities. The screening process could also enable the direct life insurer to identify higher risk customer relationships. Direct life insurers need to perform screening on all their new and existing customers, as well as their beneficial owners and any connected parties, at the point of on-boarding and on an ongoing basis. Screening on beneficiaries, payees and beneficial owners of beneficiaries who are legal persons or legal arrangements assessed by the direct life insurer to present a higher ML/TF risk, on the other hand, need to be performed at the time of payout. Screening should be performed based on relevant ML/TF information sources, including information and lists provided by MAS and other relevant authorities in Singapore.

## **2.8 Politically Exposed Persons (“PEP”) – Paragraphs 8.1 to 8.4**

In light of new developments in international standards and best practices with respect to PEPs, MAS Notice 314 will further clarify requirements with respect to PEPs, their family members and close associates. This will introduce the option of adopting an RBA for certain categories of PEPs. To clarify, the requirements relating to PEPs will also extend to beneficiaries, natural persons appointed to act on behalf of the customer, connected parties, and beneficial owners of beneficiaries who are legal persons or legal arrangements assessed by the direct life insurer to present a higher ML/TF risk.

## **2.9 Other High Risk Categories – Paragraphs 8.5 to 8.7**

The amended MAS Notice 314 will set out requirements to take into account beneficiaries as a relevant risk factor in determining whether enhanced CDD measures are applicable. The amended Notice will also set out requirements to take into account countries and jurisdictions identified by the FATF as higher risk. In addition, direct life insurers are required to have processes in place to ensure compliance with regulations (e.g. MAS Regulations on Iran and the Democratic People's Republic of Korea) and directions issued by MAS under section 27A of the MAS Act (Cap. 186). Such processes would include enhanced CDD measures where relevant.

## **2.10 Performance of CDD Measures by Third Parties – Paragraphs 9.1 to 9.5**

MAS Notice 314 will specify requirements for direct life insurers in terms of reliance on third parties, including their own branches, subsidiaries and parent corporations, to perform CDD.

## **2.11 Record Keeping – Paragraphs 10.1 to 10.4**

MAS Notice 314 will clarify requirements in relation to record keeping of CDD information and records relating to a transaction undertaken in the course of business relations.

## **2.12 Sharing of AML/CFT Information within Financial Group – Paragraphs 13.3 to 13.9**

2.12.1 A key element of an effective AML/CFT programme is the management of ML/TF risks on a group-wide basis. This is in line with MAS' existing approach and international best practice to better manage ML/TF risks across the financial group.

2.12.2 MAS Notice 314 will be amended to clarify existing expectations on direct life insurers incorporated in Singapore to develop and implement group policies and procedures for their branches and subsidiaries within the financial group to share information required for the purposes of CDD, and for ML/TF risk management.

### **3 DRAFT MAS NOTICE 314**

MAS Notice 314

[ ]

NOTICE TO DIRECT LIFE INSURERS

MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

#### **PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM – DIRECT LIFE INSURERS**

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### **1 INTRODUCTION**

- 1.1 This Notice is issued pursuant to section 27B of the Monetary Authority of Singapore Act (Cap.186) and applies to all direct life insurers licensed under section 8 of the Insurance Act (Cap. 142).
- 1.2 This Notice shall take immediate effect. MAS Notice 314 dated 2 July 2007 is cancelled with effect from [ ].

### **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 direct life insurer, means the natural person who ultimately owns or controls a customer, or the natural person on whose behalf business relations are established and includes any person who exercises ultimate effective control over a legal person or legal arrangement;

“business relations” means —

- (a) the issuance of a life insurance policy by the direct life insurer to; or

(b) the provision of financial advice by the direct life insurer to,

the customer (whether a natural person, legal person or legal arrangement);

“CDD measures” or “customer due diligence measures” means the measures required by paragraph 6;

“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 manager; and

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

“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 Organization of Securities Commissions, and the Insurance Core Principles issued by the International Association of Insurance Supervisors;

“customer”, in relation to a direct life insurer, means a person (whether a natural person, legal person or a legal arrangement) with whom the direct life insurer establishes or intends to establish business relations including, in the case of a group life policy, the owner of the master policy issued or intended to be issued;

“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 subject to AML/CFT policies and procedures at the group level;

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

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

“direct life insurer” means an insurer licensed under section 8 of the Insurance Act (Cap. 142) to carry on direct life insurance business in Singapore;

“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);

“payee” means the person, other than the beneficiary of a life insurance policy, to whom monies are payable pursuant to paragraph 6.26(a) to (d) of this Notice;

“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 Reporting Office, Commercial Affairs Department of the Singapore Police Force.

- 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.
- 2.3 The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the Insurance Act (Cap. 142).

### **3 UNDERLYING PRINCIPLES**

- 3.1 This Notice is based on the following principles, which shall serve as a guide for all direct life insurers in the conduct of their operations and business activities:
  - (a) A direct life insurer shall exercise due diligence when dealing with customers, persons appointed to act on the customer’s behalf and beneficial owners.
  - (b) A direct life insurer 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 terrorism financing.

- (c) A direct life insurer shall, to the fullest extent possible, assist and cooperate with the relevant law enforcement authorities in Singapore to prevent money laundering and terrorism financing.

## **4 ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH**

### **Risk Assessment**

- 4.1 A direct life insurer 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 direct life insurer has operations in; and
  - (d) the products, services, transactions and delivery channels of the direct life insurer.
- 4.2 The appropriate steps referred to in paragraph 4.1 shall include —
  - (a) documenting the direct life insurer'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 risk assessments up to date; and
  - (d) having appropriate mechanisms to provide its risk assessment information to the Authority.

### **Risk Mitigation**

- 4.3 A direct life insurer shall —
  - (a) have policies, controls and procedures, which are approved by senior management, to enable it to manage and mitigate effectively the risks that have been identified by the direct life insurer or notified to it by the Authority or other relevant authorities in Singapore;
  - (b) monitor the implementation of those policies, controls and procedures and

enhance them if necessary;

- (c) take enhanced measures where higher risks are identified, to manage and mitigate those higher risks; and
- (d) ensure that measures or enhanced measures taken to manage and mitigate the identified risks address the risk assessment and guidance from the Authority or relevant authorities in Singapore.

## **5 NEW PRODUCTS, PRACTICES AND TECHNOLOGIES**

5.1 A direct life insurer 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 direct life insurer shall undertake the risk assessments, prior to the launch or use, to the extent permitted by this Notice, of such products, practices and technologies, and shall take appropriate measures to manage and mitigate the risks.

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

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

that favour anonymity.

## **6 CUSTOMER DUE DILIGENCE (“CDD”)**

### **Anonymous or Fictitious Person**

6.1 No direct life insurer shall deal with any person on an anonymous basis or any person using a fictitious name.

## **Where There Are Reasonable Grounds for Suspicion on Prospective Customers**

- 6.2 Where the direct life insurer has reasonable grounds to suspect that the assets or funds of a prospective customer, with whom the direct life insurer intends to establish business relations, are proceeds of a serious offence as defined in the Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A), or are property related to the facilitation or carrying out of any terrorism financing offence as defined in the Terrorism (Suppression of Financing) Act (Cap. 325), the direct life insurer shall —
- (a) not establish business relations with the prospective customer; and
  - (b) file an STR<sup>1</sup>, and extend a copy to the Authority for information.

## **When CDD Measures are to be Performed**

- 6.3 A direct life insurer shall perform CDD measures in accordance with this Notice when —
- (a) the direct life insurer establishes business relations with any customer;
  - (b) there is a suspicion of money laundering or terrorism financing, notwithstanding that the direct life insurer would otherwise not be required by this Notice to perform CDD measures; or
  - (c) the direct life insurer has doubts about the veracity or adequacy of any information previously obtained.
- 6.4 Where a direct life insurer suspects that two or more transactions undertaken in the course of business relations 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 direct life insurer shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.

## **CDD Measures**

### **(I) Identification of Customers**

- 6.5 A direct life insurer shall identify each customer.

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<sup>1</sup> Please note in particular section 48 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act on tipping-off.

- 6.6 For the purpose of paragraph 6.5, a direct life insurer shall obtain and record information of the customer, including but not limited to the following:
- (a) full name, including any aliases;
  - (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) existing residential address, registered or business address (as may be appropriate, and if different, principal place of business) and contact telephone number(s);
  - (d) date of birth, incorporation or registration (as may be appropriate); and
  - (e) nationality or place of incorporation or registration (as may be appropriate).
- 6.7 Where the customer is a legal person or legal arrangement, the direct life insurer shall, apart from identifying the customer, also identify the legal form, constitution and powers of the legal person or legal arrangement.
- 6.8 Where the customer is a legal person (other than a partnership), the direct life insurer shall, apart from identifying the customer, also identify the directors and any other natural persons having executive authority in the legal person.
- 6.9 Where the customer is a partnership, the direct life insurer shall, apart from identifying the customer, also identify the partners and managers<sup>2</sup>.
- 6.10 Where the customer is a legal arrangement, the direct life insurer shall, apart from identifying the customer, also identify the natural persons having executive authority in that legal arrangement.
- (II) Verification of Identity
- 6.11 A direct life insurer shall verify the identity of the customer, and where the customer is a legal person or legal arrangement, verify the legal form, proof of existence, constitution and powers of the legal person or legal arrangement, using reliable, independent source documents, data or information.
- 6.12 A direct life insurer shall retain copies of all reference source documents, data or information used to verify the identity of the customer.

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<sup>2</sup> In the case of limited liability partnerships and limited partnerships.

(III) Identification and Verification of Identity of Beneficiaries

6.13 A direct life insurer shall, as soon as a beneficiary is identified or designated —

- (a) for a beneficiary who is identified as a specifically named natural person, legal person or legal arrangement, obtain and record the full name, including any aliases, of such beneficiary; or
- (b) for a beneficiary who is designated by characteristics, by class or by other means, obtain sufficient information concerning the beneficiary to satisfy itself that it will be able to establish the identity of such beneficiary at the time of payout.

6.14 For the purpose of paragraph 6.13, a direct life insurer shall verify the identity of the beneficiary.

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

6.15 Where the customer appoints one or more natural persons to act on his behalf in establishing business relations with the direct life insurer or the customer is not a natural person, a direct life insurer shall —

- (a) identify the natural persons that act or are appointed to act on behalf of the customer;
- (b) verify the identity of these persons using reliable, independent source documents, data or information; and
- (c) retain copies of all reference source documents, data or information used to verify the identity of these persons.

6.16 A direct life insurer shall verify the due authority of such persons to act on behalf of the customer by obtaining, at least the following:

- (a) the appropriate documentary evidence authorising the appointment of such persons by the customer to act on its behalf; and
- (b) the specimen signatures of the persons appointed.

6.17 Where the customer is a Singapore Government entity, the direct life insurer shall only be required to obtain such information as may be required to confirm that the customer is a Singapore Government entity as asserted.

(V) Identification and Verification of Identity of Beneficial Owners

- 6.18 For the purposes of paragraph 6.19 to 6.25, a reference to a beneficiary shall mean a beneficiary that is —
- (a) a legal person or legal arrangement; and
  - (b) assessed by the direct life insurer to present a higher risk for money laundering and terrorism financing.
- 6.19 Subject to paragraph 6.24, a direct life insurer shall inquire if there exists any beneficial owner in relation to a customer or a beneficiary.
- 6.20 Where there is one or more beneficial owner in relation to a customer or a beneficiary, the direct life insurer shall identify the beneficial owners and take reasonable measures to verify the identities of the beneficial owners, using the relevant information or data obtained from reliable, independent sources.
- 6.21 Where the customer or beneficiary is not a natural person, the direct life insurer shall understand the nature of the customer's or the beneficiary's business and its ownership and control structure.
- 6.22 For customers or beneficiaries that are legal persons, the direct life insurer shall identify the beneficial owners of such customers and beneficiaries by —
- (a) identifying the natural persons (whether acting alone or together) who ultimately own the legal person;
  - (b) to the extent that there is doubt under (a) 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, identifying the natural persons (if any) who ultimately control the legal person or have ultimate effective control of the legal person; and
  - (c) where no natural persons are identified under (a) or (b) above, identifying the natural persons having executive authority in the legal person, or in equivalent or similar positions.
- 6.23 For customers or beneficiaries that are legal arrangements, the direct life insurer shall identify the beneficial owners of such customers and beneficiaries by —
- (a) for trusts, identifying the settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries, and any natural person exercising ultimate ownership, ultimate control or ultimate effective control over the trust (including through a chain of control/ownership); and

- (b) for other types of legal arrangements, identifying persons in equivalent or similar positions, as those described under paragraph (a).

6.24 A direct life insurer shall not be required to inquire if there exists any beneficial owner in relation to a customer or a beneficiary that is —

- (a) a Singapore 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 —
  - (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);
- (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) 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 direct life insurer has doubts about the veracity of the CDD information, or suspects that the customer, beneficiary, business relations with, or transaction undertaken in the course of business relations for the customer may be connected with money laundering or terrorism financing activities.

6.25 For the purposes of paragraphs 6.24(f) and 6.24(g)(ii), a direct life insurer shall document the basis for its determination that the requirements in those paragraphs have been duly met.



(VI) Identification and Verification of Identity of Payees

6.26 Where the payee is not the customer, a direct life insurer shall identify the payee and verify his identity before making any of the following types of payment:

- (a) payment of the sum assured (or part thereof) upon the occurrence of the risk insured against in accordance with the life policy;
- (b) payment of the surrender value of a life policy;
- (c) refund of premium upon the avoidance, cancellation and/or termination of any life policy; or
- (d) any other payment made in relation to any life policy.

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

6.27 A direct life insurer shall understand and obtain from the customer, when processing the application to establish business relations, information as to the purpose and intended nature of business relations.

(VIII) Ongoing Monitoring

6.28 A direct life insurer shall monitor on an ongoing basis, its business relations with customers.

6.29 A direct life insurer shall, during the course of business relations with a customer, observe the conduct of the customer's life policy and scrutinise transactions undertaken throughout the course of business relations to ensure that the transactions are consistent with the direct life insurer's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

6.30 A direct life insurer shall pay special attention to all complex or unusually large transactions or unusual patterns of transactions undertaken in the course of business relations that have no apparent or visible economic or lawful purpose.

6.31 For the purposes of ongoing monitoring, a direct life insurer shall put in place adequate systems and processes, commensurate with the size and complexity of the direct life insurer, to —

- (a) monitor its business relations with customers; and
- (b) detect and report suspicious, complex or unusually large transactions, or unusual patterns of transactions.

- 6.32 A direct life insurer shall, to the extent possible, inquire into the background and purpose of the transactions in paragraph 6.30 and document its findings with a view to making this information available to the relevant authorities should the need arise.
- 6.33 A direct life insurer shall periodically review the adequacy of existing CDD information obtained in respect of customers, natural persons appointed to act on behalf of the customers, connected parties of the customers and beneficial owners of the customers and ensure that the documents, data or information are relevant and kept up to date, particularly for higher risk categories of customers.
- 6.34 Where there are reasonable grounds for suspicion that existing business relations with a customer are connected with money laundering or terrorism financing, and where the direct life insurer considers it appropriate to retain the customer —
- (a) the direct life insurer shall substantiate the reasons for retaining the customer and shall document them; and
  - (b) the customer's business relations with the direct life insurer shall be subjected to commensurate risk mitigation measures, including enhanced ongoing monitoring.
- 6.35 Where the direct life insurer assesses the customer or the business relations with the customer referred to in paragraph 6.34 to be of high risk, the direct life insurer shall conduct enhanced CDD, which shall include obtaining the approval of the direct life insurer's senior management to retain the customer.

### **Non-Face-to-Face Verification**

- 6.36 A direct life insurer shall put in place policies and procedures to address any specific risks associated with non-face-to-face business relations with a customer or transactions undertaken in the course of non-face-to-face business relations for a customer.
- 6.37 A direct life insurer shall implement the policies and procedures referred to in paragraph 6.36 when establishing business relations with a customer and when conducting ongoing due diligence.
- 6.38 Where there is no face-to-face contact, the direct life insurer shall carry out CDD measures that are as stringent as those that would be required to be performed if there were face-to-face contact.

## **Reliance by Acquiring Direct Life Insurer on Identification and Verification Already Performed**

- 6.39 When a direct life insurer (“acquiring direct life insurer”) acquires, either in whole or in part, the business of another financial institution (whether in Singapore or elsewhere), the acquiring direct life insurer shall perform CDD measures on the customers acquired with the business at the time of acquisition except where the acquiring direct life insurer has —
- (a) acquired at the same time all corresponding customer records (including 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 direct life insurer as to the adequacy of AML/CFT measures previously adopted in relation to the business or part thereof now acquired by the acquiring direct life insurer.

## **Timing for Verification**

- 6.40 Subject to paragraphs 6.41 and 6.42 of this Notice, a direct life insurer shall complete verification of the identity of the customer including as required by paragraph 6.11, natural persons appointed to act on behalf of a customer and beneficial owners of the customer before the direct life insurer establishes business relations with a customer.
- 6.41 A direct life insurer may establish business relations with a customer before completing the verification of the identity of the customer, including as required by paragraph 6.11, natural persons appointed to act on behalf of a customer and beneficial owners of a customer if —
- (a) the deferral of completion of the verification is essential in order not to interrupt the normal conduct of business operations; and
  - (b) the risks of money laundering and terrorism financing can be effectively managed by the direct life insurer.
- 6.42 Where the direct life insurer establishes business relations with a customer before verifying the identity of the customer (including as required by paragraph 6.11), natural persons appointed to act on behalf of a customer, and beneficial owners of a customer, the direct life insurer shall adopt internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification and complete such verification as soon as is reasonably practicable.

6.43 A direct life insurer shall verify the identity of —

(a) beneficiaries; and

(b) the beneficial owners of beneficiaries referred to in paragraph 6.18,

at the time of payout.

#### **Where CDD Measures are not Completed**

6.44 For the purposes of paragraph 6.45, a reference to the completion of CDD measures is a reference to the situation when the direct life insurer has obtained, screened and verified all necessary CDD information under paragraphs 6, 7 and 8 of this Notice, and where the direct life insurer has received satisfactory responses to all inquiries in relation to such necessary CDD information.

6.45 Where the direct life insurer is unable to complete CDD measures, it shall not commence or continue business relations with any customer, including making any payment to a payee or beneficiary. The direct life insurer shall consider if the circumstances are suspicious so as to warrant the filing of an STR.

#### **Jointly-owned Policies**

6.46 In the case of a jointly-owned policy, a direct life insurer shall perform CDD measures on all of the policy owners as if each of them were individually customers of the direct life insurer.

#### **Existing Customers**

6.47 A direct life insurer shall apply CDD measures to its existing customers based on its own assessment of materiality and risk, taking into account any CDD measures previously applied to such existing customers, when such CDD measures were last applied, and the adequacy of data or information obtained.

#### **Customer Screening**

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

6.49 A direct life insurer shall screen the persons referred to in paragraph 6.48 —

- (a) when, or as soon as reasonably practicable after, the direct life insurer establishes business relations with the customer;
- (b) on a periodic basis after the direct life insurer establishes business relations with the customer; and
- (c) when there are any changes or updates to —
  - (i) the lists and information provided by the Authority and any relevant authorities in Singapore to the direct life insurer; or
  - (ii) natural persons appointed to act on behalf of a customer, connected parties or beneficial owners of a customer.

6.50 A direct life insurer shall screen —

- (a) payees;
- (b) beneficiaries; and
- (c) beneficial owners of beneficiaries referred to in paragraph 6.18,

against relevant money laundering and terrorism financing information sources, as well as lists and information provided by the Authority and any relevant authorities in Singapore for the purposes of determining if there are money laundering or terrorism financing risks in relation to the payees, beneficiaries and beneficial owners of beneficiaries referred to in paragraph 6.18.

6.51 A direct life insurer shall screen the persons referred to in paragraph 6.50 at the time of payout of the life insurance policy.

6.52 The results of screening and assessment by the direct life insurer shall be documented.

## **7 SIMPLIFIED CUSTOMER DUE DILIGENCE**

7.1 Subject to paragraph 7.4, a direct life insurer may perform such simplified CDD measures as it considers adequate to effectively identify and verify the identity of a customer, any natural person appointed to act on behalf of a customer, any connected party of a customer and any beneficial owner of a customer, if it is satisfied that the risks of money laundering and terrorism financing are low.

- 7.2 The assessment of low risks shall be supported by an adequate analysis of risks by the direct life insurer, taking into account any information that may be provided by the Authority, and other relevant authorities in Singapore.
- 7.3 The simplified CDD measures shall be commensurate with the level of risk, based on the risk factors identified by the direct life insurer.
- 7.4 No direct life insurer shall perform simplified CDD measures in the following circumstances:
- (a) where the customers are from or in countries and jurisdictions identified by the FATF as higher risk countries or jurisdictions;
  - (b) where the customers are from or in countries and jurisdictions known to have inadequate AML/CFT measures, as determined by the direct life insurer for itself or notified to direct life insurers generally by the Authority or by other foreign regulatory authorities; or
  - (c) where the direct life insurer suspects that money laundering or terrorism financing is involved.
- 7.5 Subject to paragraphs 7.2 and 7.3, a direct life insurer may perform simplified CDD measures in relation to a customer that is a financial institution set out in Appendix 2.
- 7.6 Where the direct life insurer performs simplified CDD measures in relation to a customer, any natural person appointed to act on behalf of a customer, any connected party of a customer and any beneficial owner of a customer, it shall document —
- (a) the details of its risk assessment; and
  - (b) the nature of the simplified CDD measures.

## **8 ENHANCED CUSTOMER DUE DILIGENCE**

### **Politically Exposed Persons**

- 8.1 For the purposes of paragraph 8 —

“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;

“family member” means a natural person who is related to a politically exposed person directly or is married to the politically exposed person;

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

“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 who 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 by 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, senior political party officials, members of the legislature and senior management of international organisations.

8.2 A direct life insurer shall, in addition to performing CDD measures specified in paragraph 6, perform enhanced CDD measures in relation to politically exposed persons, legal persons or legal arrangements owned or controlled by politically exposed persons, including but not limited to the following:

- (a) implement appropriate internal risk management systems, policies, procedures and controls to determine if a customer, any beneficiary, any natural person appointed to act on behalf of a customer, any connected party of a customer, any beneficial owner of a customer or any beneficial owner of a beneficiary referred to in paragraph 6.18 is a politically exposed person;
- (b) obtain approval from the direct life insurer’s senior management to establish or continue business relations with a customer where the customer, any beneficiary, any natural person appointed to act on behalf of a customer, any connected party of a customer, any beneficial owner of a customer or any beneficial owner of a beneficiary referred to in paragraph 6.18 is a politically exposed person or subsequently becomes a politically exposed person;
- (c) establish, by appropriate and reasonable means, the source of wealth and source of funds of the customer or any beneficial owner of a customer; and

- (d) conduct, during the course of business relations with a customer, enhanced monitoring of the business relations with the customer.
- 8.3 The direct life insurer shall ensure that the enhanced CDD requirements for a politically exposed person in paragraph 8.2 shall also apply to family members and close associates of such a politically exposed person.
- 8.4 A direct life insurer may adopt a risk-based approach in determining whether to perform enhanced CDD or the extent of enhanced CDD 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 direct life insurer present a higher risk for money laundering or terrorism financing.

### **Other High Risk Categories**

- 8.5 A direct life insurer shall perform the appropriate enhanced CDD measures in paragraph 8.2 for such other categories of customers, beneficiaries, beneficial owners of beneficiaries referred to in paragraph 6.18 or business relations as the direct life insurer may assess or is notified by the Authority or other relevant authorities in Singapore, to present a higher risk for money laundering and terrorism financing. In particular, the direct life insurer shall increase the degree and nature of monitoring of the business relations with and transactions undertaken in the course of business relations for the customer, in order to determine whether they appear unusual or suspicious.
- 8.6 A direct life insurer shall give particular attention to business relations with and transactions undertaken in the course of business relations for any customer, any beneficiary, any beneficial owner of a customer and any beneficial owner of a beneficiary referred to in paragraph 6.18 from or in countries and jurisdictions —
  - (a) identified by the FATF as higher risk countries or jurisdictions; or



- (b) known to have inadequate AML/CFT measures, as determined by the direct life insurer for itself or notified to direct life insurers generally by the Authority or other foreign regulatory authorities,

and shall perform enhanced CDD measures that are commensurate to the risks identified for the business relations and transactions.

- 8.7 A direct life insurer shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the direct life insurer 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 Monetary Authority of Singapore Act (Cap. 186).

## **9 PERFORMANCE OF CDD MEASURES BY 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 direct life insurer incorporated in Singapore, its branches, subsidiaries, parent corporation and other related corporations; or
- (d) in relation to a direct life insurer incorporated outside Singapore, its head office, the branches and subsidiaries of the head office, and other related corporations.

- 9.2 Subject to paragraph 9.3, a direct life insurer may rely on a third party to perform the CDD measures in paragraph 6 of this Notice if the following requirements are met:

- (a) the direct life insurer is satisfied that the 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 measures in place to comply with those requirements;
- (b) the direct life insurer 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;

- (c) the third party is not one which direct life insurers have been specifically precluded by the Authority from relying upon; and
  - (d) the third party is able and willing to provide, without delay, upon the direct life insurer's request, any document obtained by the third party with respect to the CDD measures applied on the direct life insurer's customer, which the direct life insurer would be required or would want to obtain.
- 9.3 No direct life insurer shall rely on a third party to conduct ongoing monitoring of business relations with customers.
- 9.4 Where a direct life insurer relies on a third party to perform the CDD measures, it shall —
  - (a) document the basis for its satisfaction that the requirements in paragraph 9.2(a) and (b) have been met, except where the third party is a financial institution set out in Appendix 2; and
  - (b) immediately obtain from the third party the CDD information which the third party had obtained.
- 9.5 For the avoidance of doubt, notwithstanding the reliance upon a third party, the direct life insurer shall remain responsible for its AML/CFT obligations in this Notice.

## **10 RECORD KEEPING**

- 10.1 A direct life insurer shall prepare, maintain and retain documentation on all its business relations with and transactions undertaken in the course of business relations for its customers such that —
  - (a) all requirements imposed by law (including this Notice) are met;
  - (b) any individual transaction undertaken by the direct life insurer in the course of business relations can be reconstructed (including the amounts and types of currency involved) so as to provide, if necessary, evidence for prosecution of criminal activity;
  - (c) the Authority or other relevant authorities in Singapore and the internal and external auditors of the direct life insurer are able to review the direct life insurer's business relations, transactions undertaken in the course of business relations, records and CDD information and assess the level of compliance with this Notice; and

- (d) the direct life insurer 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 authorities in Singapore for information.
- 10.2 Subject to paragraph 10.4 and any other requirements imposed by law, a direct life insurer shall, when setting its record retention policies, comply with the following document retention periods:
  - (a) for CDD information (including the results of screening and the direct life insurer's assessment of the results), and other documents relating to the business relations, as well as policy files, business correspondence and results of any analysis undertaken, a period of at least 5 years following the termination of such business relations; and
  - (b) for records relating to a transaction undertaken in the course of business relations, including any information needed to explain and reconstruct the transaction, a period of at least 5 years following the completion of the transaction.
- 10.3 A direct life insurer may retain documents, data 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.
- 10.4 A direct life insurer shall retain records of documentation, data and information on all its business relations with or transactions undertaken in the course of business relations for a customer pertaining to a matter which is under investigation or which has been the subject of an STR, in accordance with any request or order from STRO or from other relevant authorities in Singapore.

## **11 PERSONAL DATA**

- 11.1 For the purposes of paragraph 11, "individual" means a natural person, whether living or deceased.
- 11.2 Subject to paragraph 11.3 and for the purposes of complying with this Notice, a direct life insurer 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, an individual beneficial owner of a customer or an individual payee, with —
  - (a) any access to personal data about the individual that is in the possession or under the control of the direct life insurer;

- (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 direct life insurer; and
- (c) 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 direct life insurer.

11.3 A direct life insurer 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, an individual beneficial owner of a customer or an individual payee, 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 direct life insurer:
  - (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 existing residential address and contact telephone number(s);
  - (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 direct life insurer; and
- (b) 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 direct life insurer is satisfied that there are reasonable grounds for such request.

11.4 For the purposes of complying with this Notice, a direct life insurer 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, an individual beneficial owner of a customer or an individual payee, without the respective individual's consent.

## **12 SUSPICIOUS TRANSACTIONS REPORTING**

- 12.1 A direct life insurer shall keep in mind the provisions in the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A)<sup>3</sup> and in the Terrorism (Suppression of Financing) Act (Cap. 325) that provide for the reporting to the authorities of transactions suspected of being connected with money laundering or 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 agents are instructed to promptly refer all transactions suspected of being connected with money laundering or 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.
- 12.2 A direct life insurer 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.
- 12.3 A direct life insurer shall consider if the circumstances are suspicious so as to warrant the filing of an STR and document the basis for its determination where —
- (a) the direct life insurer is for any reason unable to complete CDD measures, including on beneficiaries and beneficial owners of beneficiaries referred to in paragraph 6.18; or
  - (b) the customer is reluctant, unable or unwilling to provide any information requested by the direct life insurer, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

## **13 INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING**

- 13.1 A direct life insurer 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 terrorism financing and communicate these to its employees and agents.

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<sup>3</sup> Please note in particular section 48 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act on tipping-off.

- 13.2 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 STRs.

### **Group Policy**

- 13.3 For the purposes of paragraph 13.4 to 13.9, a reference to direct life insurer shall mean a direct life insurer incorporated in Singapore.

- 13.4 A direct life insurer 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 in its financial group, including those outside Singapore.

- 13.5 Where a direct life insurer has a branch or subsidiary in a host country or jurisdiction —

- (a) identified by the FATF as a higher risk country or jurisdiction; or
- (b) known to have inadequate AML/CFT measures, as determined by the direct life insurer for itself or notified to direct life insurers generally by the Authority or by any other foreign regulatory authority,

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

- 13.6 Subject to the direct life insurer putting in place adequate safeguards to protect the confidentiality and use of any information that is shared, as may be required by the law of the country or jurisdiction, the direct life insurer 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.

- 13.7 Such policies and procedures shall include the provision, at the direct life insurer'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.

- 13.8 Where the AML/CFT requirements in the host country or jurisdiction differ from those in Singapore, the direct life insurer 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.

- 13.9 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 direct life insurer 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**

- 13.10 A direct life insurer shall develop appropriate compliance management arrangements, including at least, the appointment of a management level officer as the AML/CFT compliance officer.
- 13.11 A direct life insurer shall ensure that the AML/CFT compliance officer, as well as any other persons appointed to assist him, has adequate resources and timely access to all customer records and other relevant information which they require to discharge their functions.

## **Audit**

- 13.12 A direct life insurer shall maintain an audit function that is adequately resourced and independent, and which will be able to regularly assess the effectiveness of the direct life insurer's internal policies, procedures and controls, and its compliance with regulatory requirements.

## **Officers, Employee and Agent Hiring**

- 13.13 A direct life insurer shall have in place screening procedures to ensure high standards when hiring employees and appointing officers<sup>4</sup> and agents.

## **Training**

- 13.14 A direct life insurer shall take all appropriate steps to ensure that its officers, employees and agents (whether in Singapore or elsewhere) are suitably qualified, and regularly and appropriately trained on —
- (a) AML/CFT laws and regulations, and in particular, CDD measures, detecting and reporting of suspicious transactions;

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<sup>4</sup> Officer -

- (a) in relation to a licensee that is a legal person (other than a partnership), means any director or any member of the committee of management of the legal person;
- (b) in relation to a licensee that is a partnership, means any partner or manager; and
- (c) in relation to a licensee that is a legal arrangement, means any member of the committee of management of the legal arrangement, where applicable.

- (b) prevailing techniques, methods and trends in money laundering and terrorism financing; and
- (c) the direct life insurer's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of officers, employees and agents in combating money laundering and terrorism financing.

#### Endnotes on History of Amendments

1. MAS Notice 314 dated 2 July 2007 with effect from 2 July 2007.
  - (a) MAS Notice 314 (Amendment) 2009 with effect from 2 July 2009.
  - (b) MAS Notice 314 (Amendment) 2009 with effect from 2 December 2009.
  - (c) MAS Notice 314 (Amendment) 2013 with effect from 23 January 2013.
  - (d) MAS Notice 314 (Amendment) 2014 with effect from 1 July 2014.
2. MAS Notice 314 dated 2 July 2007 cancelled with effect from [ ].
3. MAS Notice 314 dated [ ] with effect from [ ].



## **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 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);
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); and
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.

## **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); and
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.

## 4 DRAFT MAS NOTICE 314 (TRACKED CHANGES)

MAS Notice 314

[ ]

~~Last revised on 1 July 2014~~

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

NOTICE TO DIRECT LIFE INSURERS

MONETARY AUTHORITY OF SINGAPORE ACT, CAP. 186

### PREVENTION OF MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM – DIRECT LIFE INSURERS

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#### 1 INTRODUCTION

- 1.1 This Notice is issued pursuant to section 27B of the Monetary Authority of Singapore Act (Cap.186) and applies to all direct life insurers ~~registered~~licensed under section 8 of the Insurance Act (Cap. 142).
- 1.2 This Notice shall take immediate effect. MAS Notice 314 dated 2 July 2007 is cancelled with effect from [ ].

#### 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 direct life insurer, means the natural person who ultimately owns or controls a customer, or the natural person on whose behalf ~~a transaction is being conducted~~ business relations are established and includes ~~the any~~ person who exercises ultimate effective control over a ~~body corporate~~ legal person or ~~unincorporate~~ legal arrangement;

“business relations” means —

(a) — the issuance of a life insurance policy by the direct life insurer to; or

(b) the provision of financial advice by the direct life insurer to,

the customer (whether a natural person, 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;

“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 manager; and

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

“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 Organization of Securities Commissions, and the Insurance Core Principles issued by the International Association of Insurance Supervisors;

“customer”, in relation to a direct life insurer, means: (a) — a person (whether a natural person, legal person or a legal arrangement) to with whom a life policy is issued or intended to be issued by the direct life insurer establishes or intends to establish business relations including, in the case of a group life policy, the owner of the master policy issued or intended to be issued; or

(b) — a person for whom the life insurer undertakes or intends to undertake any transaction without a policy being issued;

“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 subject to AML/CFT policies and procedures at the group level;

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

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

“direct life insurer” means an insurer ~~registered~~licensed under section 8 of the Insurance Act (Cap. 142) to carry on direct life insurance business in Singapore;

“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);

“payee” means the person, other than the beneficiary of a life insurance policy, to whom monies are payable pursuant to paragraph 6.26(a) to (d) of this Notice;

“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 Reporting Office, Commercial Affairs Department of the Singapore Police Force.

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.

2.3 The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the Insurance Act (Cap. 142).

~~2.3 A reference to the completion of CDD measures is a reference to the situation when the life insurer has received satisfactory responses to all inquiries.~~

~~2.4 Unless 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.~~

### 3 UNDERLYING PRINCIPLES

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

- (a) A direct life insurer ~~must~~shall exercise due diligence when dealing with customers, persons appointed to act on the customer's behalf and beneficial owners.
- (b) A direct life insurer ~~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) A direct life insurer ~~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 direct life insurer 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 direct life insurer has operations in; and
- (d) the products, services, transactions and delivery channels of the direct life insurer.

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

- (a) documenting the direct life insurer'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 risk assessments up to date; and

- (d) having appropriate mechanisms to provide its risk assessment information to the Authority.

## **Risk Mitigation**

### **4.3 A direct life insurer shall —**

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

## **5 NEW PRODUCTS, PRACTICES AND TECHNOLOGIES**

### **5.1 A direct life insurer 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 direct life insurer shall undertake the risk assessments, prior to the launch or use, to the extent permitted by this Notice, of such products, practices and technologies, and shall take appropriate measures to manage and mitigate the risks.**

### **5.3 A direct life insurer shall, in complying with the requirements of paragraphs 5.1 and 5.2, pay special attention to any —**

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

(b) new or developing technologies,

that favour anonymity.

## **6 4 — CUSTOMER DUE DILIGENCE (“CDD”)**

### **Anonymous or Fictitious Person**

6.1 4.1 — No direct life insurer shall deal with any person on an anonymous basis or any person using a fictitious name.

### **Where There Are Reasonable Grounds for Suspicion on Prospective Customers**

6.2 Where the direct life insurer has reasonable grounds to suspect that the assets or funds of a prospective customer, with whom the direct life insurer intends to establish business relations, are proceeds of a serious offence as defined in the Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A), or are property related to the facilitation or carrying out of any terrorism financing offence as defined in the Terrorism (Suppression of Financing) Act (Cap. 325), the direct life insurer shall —

(a) not establish business relations with the prospective customer; and

(b) file an STR<sup>1</sup>, and extend a copy to the Authority for information.

### **When CDD Measures are to be Performed**

6.3 4.2 — A direct life insurer shall perform CDD measures in accordance with this -Notice when —

(a) the direct life insurer establishes business relations with any customer;

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

(b) ~~(c)~~ — there is a suspicion of money laundering or ~~terrorist~~terrorism financing, notwithstanding that the direct life insurer would otherwise not be required by this Notice to perform CDD measures; or

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<sup>1</sup> Please note in particular section 48 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act on tipping-off.



~~(c)~~ ~~(d)~~ — the direct life insurer has doubts about the veracity or adequacy of any information previously obtained.

6.4 Where a direct life insurer suspects that two or more transactions undertaken in the course of business relations 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 direct life insurer shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.

#### **CDD Measures ~~where Business Relations are Established~~**

##### **(I) Identification of Customers**

6.5 ~~4.3~~ — A direct life insurer shall identify each customer ~~who applies to the life insurer to establish business relations~~.

6.6 ~~4.4~~ — For the purpose of paragraph ~~4.3, 6.5~~, a direct life insurer shall obtain and record information of the customer, including but not limited to the following:

- (a) ~~f~~Full name, including any aliases;
- (b) ~~u~~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) ~~e~~Existing residential address, registered or business address (as may be appropriate, and if different, principal place of business) and contact telephone number(s);
- (d) ~~d~~Date of birth, incorporation or registration (as may be appropriate); and
- (e) ~~n~~Nationality or place of incorporation or registration (as may be appropriate).

6.7 Where the customer is a legal person or legal arrangement, the direct life insurer shall, apart from identifying the customer, also identify the legal form, constitution and powers of the legal person or legal arrangement.

6.8 ~~4.5~~ — Where the customer is a ~~company~~ legal person (other than a partnership), the direct life insurer shall, apart from identifying the customer, also identify the directors ~~of the company~~ and any other natural persons having executive authority in the legal person.

6.9 ~~4.6~~—Where the customer is a partnership ~~or a limited liability partnership~~, the direct life insurer shall, apart from identifying the customer, also identify the partners and managers<sup>2</sup>.

6.10 ~~4.7~~—Where the customer is ~~any other body corporate or unincorporated legal arrangement~~, the direct life insurer shall, apart from identifying the customer, also identify the natural persons having executive authority in that ~~body corporate or unincorporated legal arrangement~~.

(II) Verification of Identity

6.11 ~~4.8~~—A direct life insurer shall verify the identity of the customer, and where the customer is a legal person or legal arrangement, verify the legal form, proof of existence, constitution and powers of the legal person or legal arrangement, using reliable, independent sources documents, data or information.

6.12 ~~4.9~~—A direct life insurer shall retain copies of all reference source documents, data or information used to verify the identity of the customer.

(III) Identification and Verification of Identity of Beneficiaries

6.13 A direct life insurer shall, as soon as a beneficiary is identified or designated —

(a) for a beneficiary who is identified as a specifically named natural person, legal person or legal arrangement, obtain and record the full name, including any aliases, of such beneficiary; or

(b) for a beneficiary who is designated by characteristics, by class or by other means, obtain sufficient information concerning the beneficiary to satisfy itself that it will be able to establish the identity of such beneficiary at the time of payout.

6.14 For the purpose of paragraph 6.13, a direct life insurer shall verify the identity of the beneficiary.

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

6.15 ~~4.10~~—Where the customer appoints one or more natural persons to act on his behalf in establishing business relations with the direct life insurer or the customer is not a natural person, a direct life insurer shall —

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<sup>2</sup> In the case of limited liability partnerships and limited partnerships.

- (a) identify the natural persons that act or are appointed to act on behalf of the customer, ~~as if such persons were themselves customers;~~
- (b) verify the identity of these persons using reliable, independent sources ~~documents, data or information;~~ and
- (c) retain copies of all reference source documents, data or information used to verify the identity of these persons.

~~4.11—A life insurer shall verify the due authority of such persons to act on behalf of the customer.~~

~~6.16~~ 4.12—A direct life insurer shall verify the due authority of such persons to act on behalf of the customer by obtaining, ~~at least~~including but not limited to the following:

- (a) the appropriate documentary evidence ~~that~~authorising the appointment of such persons by the customer ~~has appointed the persons~~ to act on its behalf; and
- (b) the specimen signatures of the persons appointed.

~~6.17~~ 4.13—Where the customer is a Singapore ~~g~~Government entity, the direct life insurer shall only be required to obtain such information as may be required to confirm that the customer is a Singapore ~~g~~Government entity as asserted.

#### ~~(IVV)~~ Identification and Verification of Identity of Beneficial Owners

~~6.18~~ For the purposes of paragraph 6.19 to 6.25, a reference to a beneficiary shall mean a beneficiary that is —

- ~~(a)~~ a legal person or legal arrangement; and
- ~~(b)~~ assessed by the direct life insurer to present a higher risk for money laundering and terrorism financing.

~~6.19~~ 4.14—Subject to paragraph ~~4.17~~6.24, a direct life insurer shall inquire if there exists any beneficial owner in relation to a customer or a beneficiary.

~~6.20~~ 4.15—Where there is one or more beneficial owner in relation to a customer or a beneficiary, the direct life insurer shall identify the beneficial owners and take reasonable measures to ~~obtain information sufficient to identify and~~ verify the identities of the beneficial owners, using the relevant information or data obtained from reliable, independent sources.

~~6.21~~ 4.16—Where the customer or beneficiary is not a natural person, the direct life insurer shall ~~take reasonable measures to~~ understand the nature of the customer's or the beneficiary's business and its ownership and control ~~structure of the customer.~~

6.22 For customers or beneficiaries that are legal persons, the direct life insurer shall identify the beneficial owners of such customers and beneficiaries by —

- (a) identifying the natural persons (whether acting alone or together) who ultimately own the legal person;
- (b) to the extent that there is doubt under (a) 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, identifying the natural persons (if any) who ultimately control the legal person or have ultimate effective control of the legal person; and
- (c) where no natural persons are identified under (a) or (b) above, identifying the natural persons having executive authority in the legal person, or in equivalent or similar positions.

6.23 For customers or beneficiaries that are legal arrangements, the direct life insurer shall identify the beneficial owners of such customers and beneficiaries by —

- (a) for trusts, identifying the settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries, and any natural person exercising ultimate ownership, ultimate control or ultimate effective control over the trust (including through a chain of control/ownership); and
- (b) for other types of legal arrangements, identifying persons in equivalent or similar positions, as those described under paragraph (a).

6.24 4.17—A direct life insurer shall not be required to inquire if there exists any beneficial owner in relation to a customer or a beneficiary that is —

- (a) a Singapore ~~g~~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 —
  - (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);

- (e) a financial institution ~~set out in Appendix 1 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);~~
- (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) ~~set out in Appendix 1 supervised by the Authority;~~ or
  - (ii) incorporated or established outside Singapore ~~that~~but are subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF,

unless the direct life insurer ~~has doubts about the veracity of the CDD information, or suspects that the customer, beneficiary, business relations with, or transaction undertaken in the course of business relations for the customer may be~~is connected with money laundering or ~~terrorist~~terrorism financing activities.

6.25 ~~4.18~~—For the purposes of paragraphs ~~4.17~~6.24(f) and ~~4.17~~6.24(g)(ii), a direct life insurer shall document the basis for its determination that the requirements in those paragraphs have been duly met.

(VI) Identification and Verification of ~~Identity of~~ Payees

6.26 ~~4.19~~—Where the payee is not the customer, a direct life insurer shall identify the payee and verify his identity before making any of the following types of payment:

- (a) payment of the sum assured (or part thereof) upon the occurrence of the risk insured against in accordance with the life policy;
- (b) payment of the surrender value of a life policy;
- (c) refund of premium upon the avoidance, cancellation and/or termination of any life policy; or
- (d) ~~refund of~~any other payment made in relation to any life policy.

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

6.27 ~~4.20~~—A direct life insurer shall understand and obtain, from the customer, when processing the application to establish business relations, information as to the purpose and intended nature of business relations.

(VIII) Ongoing Monitoring

6.28 4.21—A direct life insurer shall monitor on an ongoing basis, its business relations with customers.

6.29 4.22—A direct life insurer shall, during the course of business relations with a customer, observe the conduct of the customer's life policy and scrutinise transactions undertaken throughout the course of business relations to ensure that the transactions are consistent with the direct life insurer's knowledge of the customer, its business and risk profile and where appropriate, the source of funds.

6.30 4.23—A direct life insurer shall pay special attention to all complex or -unusually large transactions or unusual patterns of transactions undertaken in the course of business relations that have no apparent or visible economic or lawful purpose.

6.31 For the purposes of ongoing monitoring, a direct life insurer shall put in place adequate systems and processes, commensurate with the size and complexity of the direct life insurer, to —

(a) monitor its business relations with customers; and

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

6.32 4.24—A direct life insurer shall, to the extent possible, inquire into the background and purpose of the transactions in paragraph 4.236.30 and document its findings with a view to making this information available to the relevant ~~competent~~ authorities should the need arise.

6.33 4.25—A direct life insurer shall periodically review the adequacy of ~~customer identification~~existing CDD information obtained in respect of customers, natural persons appointed to act on behalf of the customers, connected parties of the customers and beneficial owners of the customers and ensure that the documents, data or information ~~is~~are relevant and kept up to date, particularly for higher risk categories of customers.

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

(a) the direct life insurer shall substantiate the reasons for retaining the customer and shall document them; and

(b) the customer's business relations with the direct life insurer shall be subjected to commensurate risk mitigation measures, including enhanced ongoing monitoring.

~~6.35~~ Where the direct life insurer assesses the customer or the business relations with the customer referred to in paragraph 6.34 to be of high risk, the direct life insurer shall conduct enhanced CDD, which shall include obtaining the approval of the direct life insurer's senior management to retain the customer.

### Non-Face-to-Face Verification

~~6.36~~ 4.26—A direct life insurer shall put in place policies and procedures to address any specific risks associated with non-face-to-face business relationships with a customer or transactions undertaken in the course of non-face-to-face business relations for a customer.

~~6.37~~ 4.27—A direct life insurer shall implement the policies and procedures referred to in paragraph ~~4.26~~ 6.36 when establishing customer relationships business relations with a customer and when conducting ongoing due diligence.

~~6.38~~ 4.28—Where there is no face-to-face contact, the direct life insurer shall carry out CDD measures that are as stringent as those that would be required to be performed if there were face-to-face contact.

### Reliance by Acquiring Direct Life Insurer on Identification and Verification Already Performed

~~6.39~~ 4.29—When a direct life insurer (“acquiring direct life insurer”) acquires, either in whole or in part, the business of another financial institution (whether in Singapore or elsewhere), the acquiring direct life insurer shall perform CDD measures on the customers acquired with the business at the time of acquisition except where the acquiring direct life insurer 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 direct life insurer as to the adequacy of AML/CFT measures previously adopted in relation to the business or part thereof now acquired by the acquiring direct life insurer.

### **CDD Measures for Non-Policy Holders**

~~4.30—A life insurer that undertakes any transaction of a value exceeding S\$20,000 for any customer who does not otherwise have business relations with the life insurer shall —~~

- ~~(a) — establish and verify the identity of the customer as if the customer had applied to the life insurer 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.~~

~~4.31 Where a life insurer 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 life insurer shall treat the transactions as a single transaction and aggregate their values for the purpose of this Notice.~~

## Timing for Verification

~~6.40 4.32~~ Subject to ~~paragraphs 6.41 and 6.42~~ paragraph 4.33 of this Notice, a direct life insurer shall complete verification of the identity of the customer including as required by paragraph 6.11, natural persons appointed to act on behalf of a customer and beneficial owners ~~—(a)—~~ of the customer before the direct life insurer establishes business relations with a customer; ~~or~~

- ~~(b) before the life insurer undertakes any transaction for a customer, where the customer does not have business relations with the life insurer.~~

~~6.41 4.33~~ A direct life insurer may establish business relations with a customer before completing the verification of the identity of the customer, including as required by paragraph 6.11, natural persons appointed to act on behalf of a customer and beneficial owners of a customer 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 direct life insurer.

~~6.42 4.34~~ Where the direct life insurer establishes business relations with a customer before ~~verification of~~ the identity of the customer (including as required by paragraph 6.11), natural persons appointed to act on behalf of a customer, and or beneficial owners of a customer, the direct life insurer shall adopt internal risk management policies and procedures concerning the conditions under which such business relations may be established prior to verification and complete such verification as soon as is reasonably practicable.

~~6.43~~ A direct life insurer shall verify the identity of —

- (a) beneficiaries; and



(b) the beneficial owners of beneficiaries referred to in paragraph 6.18,

at the time of payout.

### **Where CDD Measures are not Completed**

6.44 For the purposes of paragraph 6.45, a reference to the completion of CDD measures is a reference to the situation when the direct life insurer has obtained, screened and verified all necessary CDD information under paragraphs 6, 7 and 8 of this Notice, and where the direct life insurer has received satisfactory responses to all inquiries in relation to such necessary CDD information.

6.45 4.35—Where the direct life insurer is unable to complete CDD measures, it shall terminate the business relationship and not commence or continue business relations with any customer, including making any payment to a payee or beneficiary. The direct life insurer shall consider if the circumstances are suspicious so as to warrant the filing of an STR.

### **Jointly-owned Policies**

6.46 In the case of a jointly-owned policy, a direct life insurer shall perform CDD measures on all of the policy owners as if each of them were individually customers of the direct life insurer.

### **Existing Customers**

6.47 4.36—A direct life insurer shall perform such apply CDD measures as may be appropriate to its existing customers having regard to based on its own assessment of materiality and risk, taking into account any CDD measures previously applied to such existing customers, when such CDD measures were last applied, and the adequacy of data or information obtained.

### **Customer Screening**

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

6.49 A direct life insurer shall screen the persons referred to in paragraph 6.48 —

- (a) when, or as soon as reasonably practicable after, the direct life insurer establishes business relations with the customer;
- (b) on a periodic basis after the direct life insurer establishes business relations with the customer; and
- (c) when there are any changes or updates to —
  - (i) the lists and information provided by the Authority and any relevant authorities in Singapore to the direct life insurer; or
  - (ii) natural persons appointed to act on behalf of a customer, connected parties or beneficial owners of a customer.

6.50 A direct life insurer shall screen —

- (a) payees;
- (b) beneficiaries; and
- (c) beneficial owners of beneficiaries referred to in paragraph 6.18,

against relevant money laundering and terrorism financing information sources, as well as lists and information provided by the Authority and any relevant authorities in Singapore for the purposes of determining if there are money laundering or terrorism financing risks in relation to the payees, beneficiaries and beneficial owners of beneficiaries referred to in paragraph 6.18.

6.51 A direct life insurer shall screen the persons referred to in paragraph 6.50 at the time of payout of the life insurance policy.

6.52 The results of screening and assessment by the direct life insurer shall be documented.

## 7 ~~5~~ **SIMPLIFIED CUSTOMER DUE DILIGENCE**

7.1 ~~5.1~~ — Subject to paragraph ~~5.27.4~~, a direct life insurer 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 a customer, any connected party of a customer and any beneficial owner of a customer, if it is satisfied that the risks of money laundering and ~~terrorist~~terrorism financing are low.

7.2     The assessment of low risks shall be supported by an adequate analysis of risks by the direct life insurer, taking into account any information that may be provided by the Authority, and other relevant authorities in Singapore.

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

7.4     ~~5.2~~ — No direct life insurer shall perform simplified CDD measures in the following circumstances:

(a)     where the customers are from or in countries and jurisdictions identified by the FATF as higher risk countries or jurisdictions;

(b)     ~~(a)~~ — where the customers are from or in countries and jurisdictions known to have inadequate AML/CFT measures, as determined by the direct life insurer for itself or notified to direct life insurers generally by the Authority or by other foreign regulatory authorities; or

[MAS Notice 314 (Amendment) 2009]

(c)     ~~(b)~~ — where the direct life insurer suspects that money laundering or ~~terrorist~~terrorism financing is involved.

[MAS Notice 314 (Amendment) 2009]

7.5     ~~5.3~~ — Subject to paragraphs 7.2 and 7.3, A a direct life insurer may perform simplified CDD measures in relation to a customer that is a financial institution set out in Appendix 2~~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).~~

7.6     ~~5.4~~ — Where the direct life insurer performs simplified CDD measures in relation to a customer, any natural person appointed to act on behalf of a customer, any connected party of a customer and any beneficial owner of a customer, it shall document —

(a)     the details of its risk assessment; and

(b)     the nature of the simplified CDD measures.

## ~~8~~ ~~6~~ — ENHANCED CUSTOMER DUE DILIGENCE

### Politically Exposed Persons

#### ~~8.1~~ ~~6.1~~ — For the purposes of paragraph ~~6-8~~ —

“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;

“family member” means a natural person who is related to a politically exposed person directly or is married to the politically exposed person;

“foreign politically exposed person” means —

(a) — a natural person who is or has been entrusted with prominent public functions by whether in Singapore or a foreign country;

[MAS Notice 314 (Amendment)2009]

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

(c) — 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 who 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 by 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.

#### ~~8.2~~ ~~6.2~~ — A direct life insurer shall, in addition to performing CDD measures specified in paragraph ~~46~~, perform enhanced CDD measures in relation to politically exposed persons, legal persons or legal arrangements owned or controlled by politically exposed persons, including but not limited to the following:

- (a) implement appropriate internal risk management systems, policies, procedures and controls to determine if a customer ~~or, any beneficiary, any natural person appointed to act on behalf of a customer, any connected party of a customer, any~~ beneficial owner of a customer or any beneficial owner of a beneficiary referred to in paragraph 6.18 is a politically exposed person;
- (b) obtain approval from the direct life insurer's senior management to establish or continue business relations with a customer where the customer ~~or, any beneficiary, any natural person appointed to act on behalf of a customer, any connected party of a customer, any~~ beneficial owner of a customer or any beneficial owner of a beneficiary referred to in paragraph 6.18 is a politically exposed person or subsequently becomes a politically exposed person;
- (c) establish, by appropriate and reasonable means, the source of wealth and source of funds of the customer or any beneficial owner of a customer; and
- (d) conduct, during the course of business relations with a customer, enhanced monitoring of the business relations with the customer.

8.3 The direct life insurer shall ensure that the enhanced CDD requirements for a politically exposed person in paragraph 8.2 shall also apply to family members and close associates of such a politically exposed person.

8.4 A direct life insurer may adopt a risk-based approach in determining whether to perform enhanced CDD or the extent of enhanced CDD 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 direct life insurer present a higher risk for money laundering or terrorism financing.

## Other High Risk Categories

8.5 6.3—A direct life insurer shall perform the appropriate enhanced CDD measures in paragraph ~~68~~.2 for such other categories of customers, beneficiaries, beneficial owners of beneficiaries referred to in paragraph 6.18 or business relations ~~or transactions as~~

the direct life insurer may assess or is notified by the Authority or other relevant authorities in Singapore, to present a higher risk for money laundering and ~~terrorist~~terrorism financing. In particular, the direct life insurer shall increase the degree and nature of monitoring of the business relations with and transactions undertaken in the course of business relations for the customer, in order to determine whether they appear unusual or suspicious.

8.6 ~~6.4~~—A direct life insurer shall give particular attention to business relations with and transactions ~~with~~ undertaken in the course of business relations for any personcustomer, any beneficiary, any beneficial owner of a customer and any beneficial owner of a beneficiary referred to in paragraph 6.18 from or in countries and jurisdictions —

(a) identified by the FATF as higher risk countries or jurisdictions; or

(b) known to have inadequate AML/CFT measures, as determined by the direct life insurer for itself or notified to direct life insurers generally by the Authority or other foreign regulatory authorities.

and shall perform enhanced CDD measures that are commensurate to the risks identified for the business relations and transactions.

8.7 A direct life insurer shall, in taking enhanced CDD measures to manage and mitigate any higher risks that have been identified by the direct life insurer 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 Monetary Authority of Singapore Act (Cap. 186).

## 9 ~~7~~—**PERFORMANCE OF CDD MEASURES BY THIRD PARTIES INTERMEDIARIES**

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 direct life insurer incorporated in Singapore, its branches, subsidiaries, parent corporation and other related corporations; or

(d) in relation to a direct life insurer incorporated outside Singapore, its head office, the branches and subsidiaries of the head office, and other related corporations.

9.2 7.1—Subject to paragraph 7.29.3, a direct life insurer may rely on ~~an intermediary~~ third party to perform the CDD measures in paragraph 46 of this Notice if the following requirements are met:

(a) the direct life insurer 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 measures in place to comply with those requirements;

(b) the direct life insurer 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;

(c) ~~(b)~~ the ~~intermediary~~ third party is not one ~~on~~ which direct life insurers have been specifically precluded by the Authority from relying upon; and

(d) ~~(c)~~ the ~~intermediary~~ third party is able and willing to provide, without delay, upon the direct life insurer's request, any document obtained by the ~~intermediary~~ third party with respect to the CDD measures applied on the direct life insurer's customer, which the direct life insurer would be required or would want to obtain.

9.3 7.2—No direct life insurer shall rely on ~~an intermediary~~ third party to conduct ongoing monitoring of business relations with customers.

9.4 7.3—Where a direct life insurer relies on ~~an intermediary~~ third party to perform the CDD measures, it shall: —

(a) document the basis for its satisfaction that the requirements in paragraph 7.19.2 ~~(a) and (b)~~ have been met, except where the ~~third party~~ intermediary is a financial institution set out in Appendix 2 ~~supervised by the Authority (other than a holder of a money changer's licence or a holder of a remittance licence); and~~  
[MAS Notice 314 (Amendment) 2009]

(b) immediately obtain from the ~~third party~~ intermediary the CDD information ~~relating to CDD measures which the third party had~~ obtained ~~by the intermediary~~.  
[MAS Notice 314 (Amendment) 2009]

9.5 7.4—For the avoidance of doubt, notwithstanding the reliance upon ~~an intermediary~~ third party, the direct life insurer shall remain responsible for its AML/CFT obligations in this Notice.

## 10 ~~8~~ — RECORD KEEPING

10.1 ~~8.1~~ — A direct life insurer shall prepare, maintain and retain documentation on all its business relations with and transactions undertaken in the course of business relations with-for its customers such that —

- (a) all requirements imposed by law (including this Notice) are met;
- (b) any individual transaction undertaken by the direct life insurer in the course of business relations can be reconstructed (including the amounts and types 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 direct life insurer are able to review the direct life insurer's business relations, transactions undertaken in the course of business relations, records and CDD information and assess the level of compliance with this Notice; and
- (d) the direct life insurer 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 ~~8.2~~ — Subject to paragraph ~~8~~10.4 and any other requirements imposed by law, a direct life insurer shall, when setting its record retention policies, comply with the following document retention periods:

- (a) ~~a period of at least 5 years following the termination of business relations for customer identification~~CDD information; (including the results of screening and the direct life insurer's assessment of the results), and other documents relating to the establishment of business relations, as well as policy files and business correspondence and results of any analysis undertaken, a period of at least 5 years following the termination of such business relations; and
- (b) ~~a period of at least 5 years following the completion of the transaction for records relating to a transaction undertaken in the course of business relations, including any information needed to explain and reconstruct the transaction, a period of at least 5 years following the completion of the transaction.~~

10.3 ~~8.3~~ — A direct life insurer may retain documents, data 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.

10.4 ~~8.4~~ — A direct life insurer shall retain records of documentation, data and information on all its business relations with or transactions undertaken in the course of business relations 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.

## **11 PERSONAL DATA**

11.1 For the purposes of paragraph 11, “individual” means a natural person, whether living or deceased.—

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

~~:~~

~~“individual” means a natural person, whether living or deceased; and~~

~~:~~

~~“connected party”~~

~~:~~

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

~~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~~

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

11.2 Subject to paragraph 11.3 and for the purposes of complying with this Notice, a direct life insurer 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, an individual beneficial owner of a customer or an individual payee, with: —

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

(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 direct life insurer; and

(c) 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 direct life insurer.

11.3 A direct life insurer 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, an individual beneficial owner of thea customer or an individual payee, 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 direct life insurer:

(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 existing residential address and contact telephone number(s);

(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 direct life insurer; and

(b) 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 direct life insurer is satisfied that there are reasonable grounds for such request.

11.4 For the purposes of complying with this Notice, a direct life insurer 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, an individual beneficial owner of thea customer or an individual payee, without the respective individual's consent.

[MAS Notice 314 (Amendment) 2014]

## **12 9 — SUSPICIOUS TRANSACTIONS REPORTING**

**12.1 9.1** — A direct life insurer shall keep in mind the provisions in the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A)<sup>3</sup> and in the Terrorism (Suppression of Financing) Act (Cap. 325) 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 agents 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 314 (Amendment) 2013]

**12.2 9.2** — A direct life insurer 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.

**12.3 9.3** — A direct life insurer shall consider if the circumstances are suspicious so as to warrant the filing of an STR and document the basis for its determination where —

- (a) the direct life insurer is for any reason unable to complete CDD measures, including on beneficiaries and beneficial owners of beneficiaries referred to in paragraph 6.18; or
- (b) the customer is reluctant, unable or unwilling to provide any information requested by the direct life insurer, decides to withdraw a pending application to establish business relations or a pending transaction, or to terminate existing business relations.

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<sup>3</sup> Please note in particular section 48 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act on tipping-off.

## **13 ~~40~~ — INTERNAL POLICIES, COMPLIANCE, AUDIT AND TRAINING**

**13.1 ~~40.1~~**—A direct life insurer 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 and agents.

**13.2 ~~40.2~~**—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~~STRs.

~~10.3—A life insurer 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.~~

### **Group Policy**

**13.3** ~~For the purposes of paragraph 13.4 to 13.9, a reference to direct life insurer shall mean a direct life insurer incorporated in Singapore.~~

**13.4 ~~40.4~~**—A direct life insurer ~~that is incorporated in Singapore~~ 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 in its financial group, including those outside Singapore.

**13.5 ~~40.5~~**—Where a direct life insurer has a branch or subsidiary in a host country or jurisdiction —

(a) identified by the FATF as a higher risk country or jurisdiction; or

(b) known to have inadequate AML/CFT measures ~~(, as determined by the~~ direct life insurer for itself or notified to direct life insurers generally by the Authority or by any other foreign regulatory authority~~yies~~),

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

**13.6** ~~Subject to the direct life insurer putting in place adequate safeguards to protect the confidentiality and use of any information that is shared, as may be required by the law of the country or jurisdiction, the direct life insurer 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.~~

13.7 Such policies and procedures shall include the provision, at the direct life insurer'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.

13.8 ~~40.6~~—Where the AML/CFT requirements in the host country or jurisdiction differ from those in Singapore, the direct life insurer 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.

13.9 ~~40.7~~—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 direct life insurer's ~~head office~~ 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

13.10 ~~40.8~~—A direct life insurer shall develop appropriate compliance management arrangements, including at least, the appointment of a management level officer as the AML/CFT compliance officer.

13.11 ~~40.9~~—A direct life insurer shall ensure that the AML/CFT compliance officer, as well as any other persons appointed to assist him, has adequate resources and timely access to all customer records and other relevant information which they require to discharge their functions.

## Audit

13.12 ~~40.10~~—A direct life insurer shall maintain an audit function that is adequately resourced and independent, and which will be able to regularly assess the effectiveness of the direct life insurer's internal policies, procedures and controls, and its compliance with regulatory requirements.

## Officers, Employee and Agent Hiring

13.13 ~~40.11~~—A direct life insurer shall have in place screening procedures to ensure high standards when hiring employees and appointing officers<sup>4</sup> and agents.

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<sup>4</sup> Officer -

- (a) in relation to a licensee that is a legal person (other than a partnership), means any director or any member of the committee of management of the legal person;
- (b) in relation to a licensee that is a partnership, means any partner or manager; and
- (c) in relation to a licensee that is a legal arrangement, means any member of the committee of management of the legal arrangement, where applicable.

## Training

~~13.14~~ ~~10.12~~—A direct life insurer shall take all appropriate steps to ensure that its officers, employees, ~~officers~~<sup>2</sup> and agents (whether in Singapore or ~~overseas~~elsewhere) are suitably qualified, and regularly and 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 direct life insurer's internal policies, procedures and controls on AML/CFT and the roles and responsibilities of officers, employees, ~~officers~~ and agents in combating money laundering and ~~terrorist~~terrorism financing.

[MAS Notice 314 (Amendment) 2013]

## PERSONAL DATA

~~For the purposes of paragraph 11—~~

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

~~“individual” means a natural person, whether living or deceased; and~~

~~“connected party”~~

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

~~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~~

~~in relation to any other body corporate or unincorporate, means any natural person having executive authority in such body corporate or~~

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<sup>2</sup> ~~“Officer”~~

- ~~(a) in relation to a life insurer 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) in relation to a life insurer that is a partnership (including a limited liability partnership), means any partner and manager (in the case of a limited liability partnership); and~~
- ~~(c) in relation to a life insurer that is a body unincorporate (other than a partnership), means any member of the committee of management of the body unincorporate, where applicable.~~

~~unincorporate, where applicable.~~

~~Subject to paragraph 11.3 and for the purposes of complying with this Notice, a life insurer shall not be required to provide an individual customer, an individual appointed to act on behalf of a customer, an individual connected party, an individual beneficial owner of a customer or an individual payee, with:~~

~~any access to personal data about the individual that is in the possession or under the control of the life insurer;~~

~~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 life insurer; and~~

~~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 life insurer.~~

~~A life insurer 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, an individual beneficial owner of the customer or an individual payee, provide the requesting individual with the right to:~~

~~access the following types of personal data of that individual, that is in the possession or under the control of the life insurer:~~

~~his full name, including any alias;~~

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

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

~~his date of birth;~~

~~his nationality;~~

~~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 life insurer; and~~

~~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 life insurer is satisfied that there are reasonable grounds for such request.~~

~~For the purposes of complying with this Notice, a life insurer 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, an individual beneficial owner of the customer or an individual payee, without the respective individual's consent.~~

~~[MAS Notice 314 (Amendment) 2014]~~

## Endnotes on History of Amendments

- ~~1. MAS Notice 314 (Amendment) 2009 dated 3 July 2009~~
- ~~2. MAS Notice 314 (Amendment) 2013 dated 23 January 2013~~
- ~~3. MAS Notice 314 (Amendment) 2014 dated 1 July 2014~~
1. MAS Notice 314 dated 2 July 2007 with effect from 2 July 2007.
  - (a) MAS Notice 314 (Amendment) 2009 with effect from 2 July 2009.
  - (b) MAS Notice 314 (Amendment) 2009 with effect from 2 December 2009.
  - (c) MAS Notice 314 (Amendment) 2013 with effect from 23 January 2013.
  - (d) MAS Notice 314 (Amendment) 2014 with effect from 1 July 2014.
2. MAS Notice 314 dated 2 July 2007 cancelled with effect from [ ].
3. MAS Notice 314 dated [ ] with effect from [ ].



## **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 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);
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); and
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.

## **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); and
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.