



# MinLaw Industry Compliance and Engagement (MICE) 2024

30 May 2024

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- Attendees are not required to switch on their videos. Your mic is muted for the session.
- If you face any Zoom technical difficulties, please ask in the Q&A Zoom feature.

If you have any questions relating to today's session, please leave your queries via the Q&A function.

We will try to reply to your question or address them during the Q&A segment at the end of the session.

# Programme

## **Audience poll**

### **Segment 1:**

1. Singapore's upcoming FATF Mutual Evaluation

### **Segment 2:**

2. Suspicious transaction report
3. Terrorism Financing, Targeted Financial Sanctions
4. Proliferation Financing
5. Quiz 1



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# Programme

## **Segment 3:**

6. Enforcement statistics

7. Case studies

## **Audience poll**

## **Segment 4:**

8. PSPM Act and Regulations amendments

9. Registration matters and resources

10. Quiz 2

## **Question & Answers**



# Item 1: FATF and Singapore's FATF Mutual Evaluation in 2025



# Singapore is a member of FATF, the international AML/CFT/CPF standards setter

- The Financial Action Task Force (FATF) is an **inter-governmental body that establishes international standards for combatting money laundering (ML), terrorism financing (TF) and proliferation financing (PF).**
- Singapore is a member of the FATF and has **contributed actively to FATF's work** in support of the global fight against ML/TF.
- In its last evaluation of Singapore in 2016, the FATF assessed Singapore to have a strong legal and institutional framework against money laundering and terrorism financing. We achieved substantial results in several aspects, even as a few areas were identified for improvement.
- We have taken significant steps since the evaluation in 2016 to address these areas and to further strengthen our regime. These enhancements would only be covered in Singapore's next evaluation in 2025.



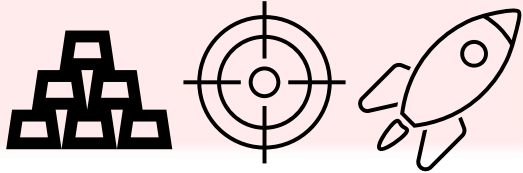
# Singapore's Strategy Against ML/TF/PF

- We adopt a holistic ecosystem approach – across the government, public-private partnership, and international collaboration
- A whole-of-Government effort is led by an inter-agency steering committee co-chaired by PS/MHA, 2PS/MOF and MD/MAS
- Singapore's AML/CFT/CPF strategy has three prongs, that applies across various sectors:
  - **Prevention** - a robust legal and regulatory framework to deter criminals
  - **Detection** - our STR regime and supervision by sectoral regulators
  - **Enforcement** - taking strong action when there is suspicion of money laundering



# Risk-Based Approach

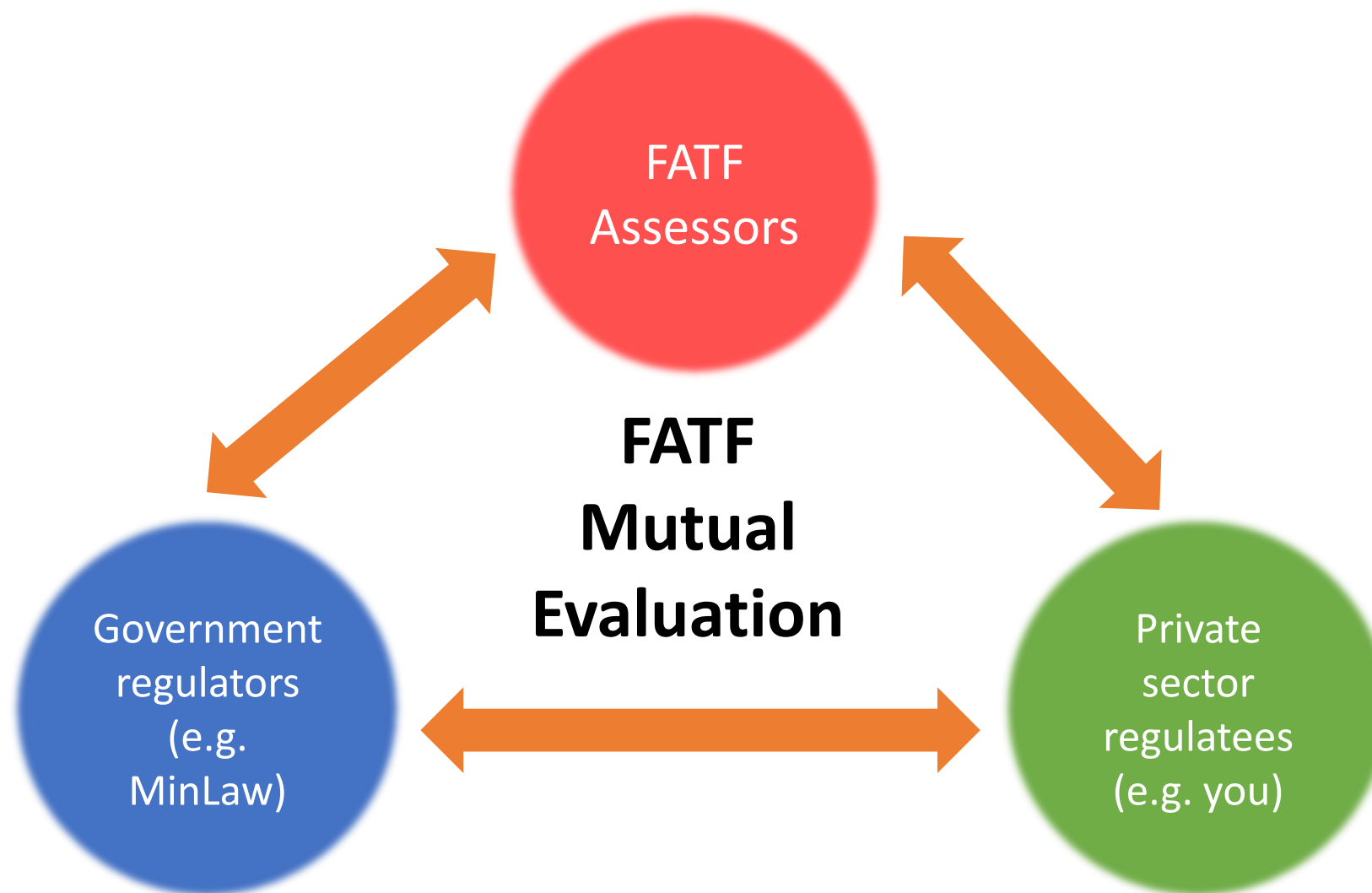
**Risk of ML, TF  
and PF**



**Regulatory Cost  
to Prevent ML,  
TF and PF**

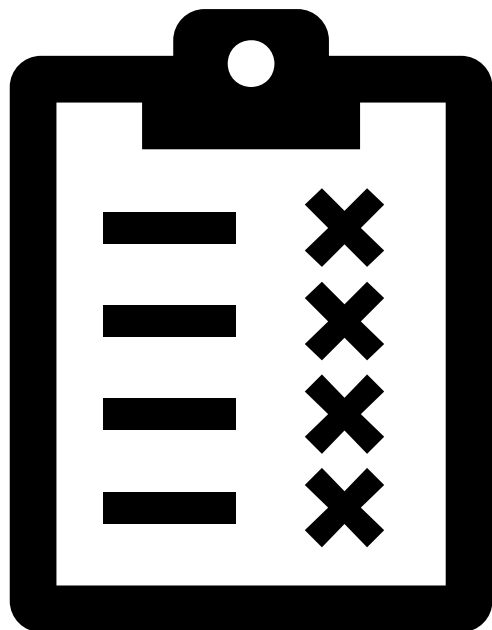


# Singapore's FATF Mutual Evaluation 2025





# FATF's Black and Grey Lists



Countries or jurisdictions with serious strategic deficiencies

You **must** perform ECDD



Countries working actively with FATF to address strategic deficiencies

You are expected to take into consideration and perform ECDD, when necessary



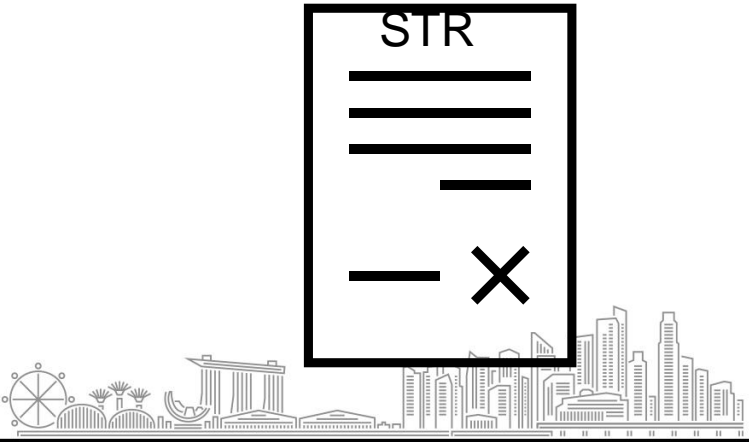
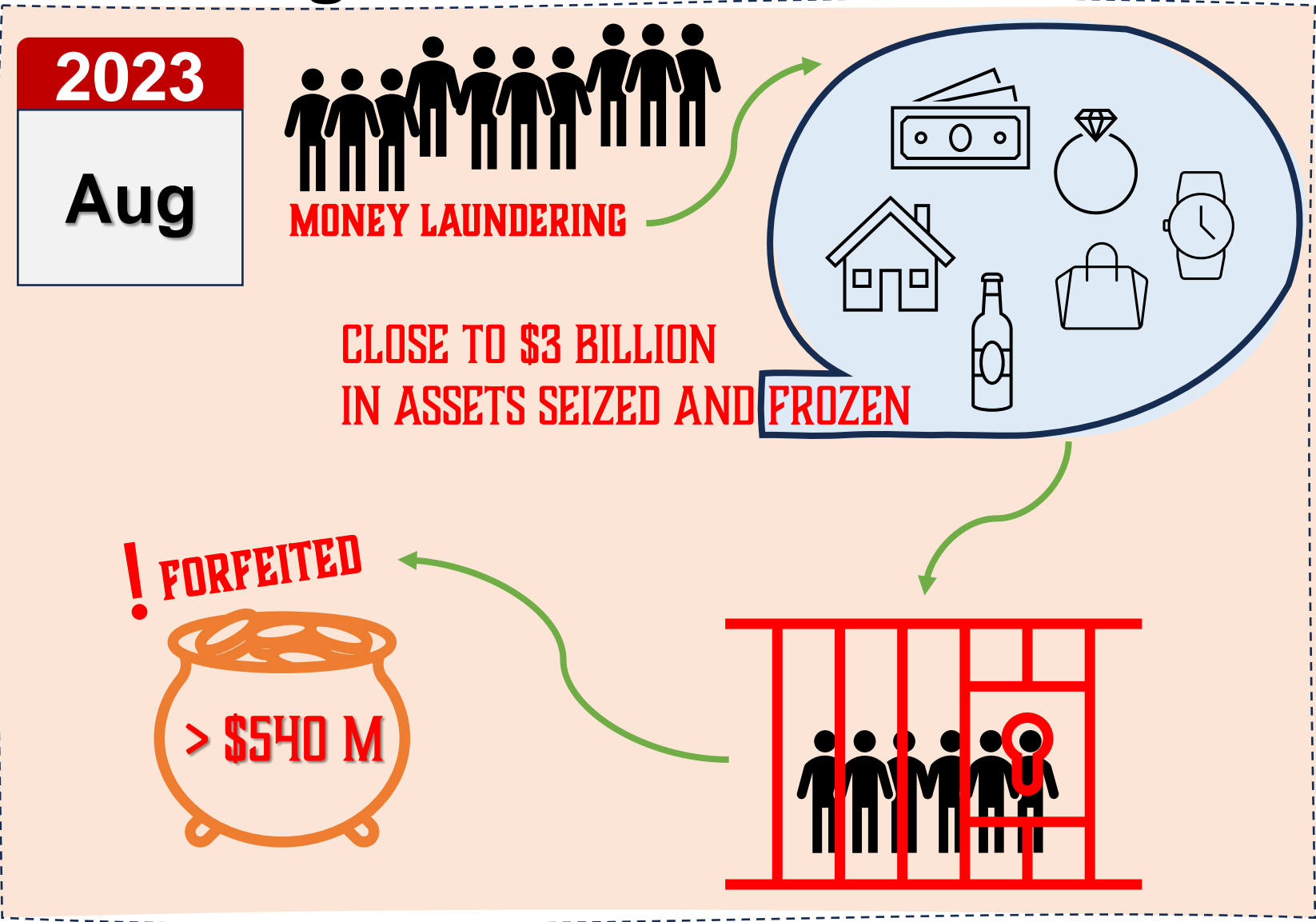
Countries are no longer subject to FATF's increased monitoring after making the necessary reforms to address their weaknesses



# Item 2: Suspicious Transaction Reports



# Use of Financial Intelligence in ML/TF/PF Investigations



# Relevant Offences to Note

<p><b>Section 45 CDSA</b> – Where you know or have reasonable grounds to suspect any property</p> <ul style="list-style-type: none"><li>a) represents the proceeds of;</li><li>b) was used in connection with; or</li><li>c) intended to be used in connection with an act which may constitute drug dealing or criminal conduct.</li></ul> <p>and you acquired this knowledge in the course of your profession. You must make a STR.</p> <p>Punishment is a fine of up to \$250,000 or imprisonment up to 3 years or both for individuals and for non-individuals is a fine of up to \$500,000.</p>	<p><b>Section 21 PSPM Act</b> A regulated dealer must make a disclosure under whichever of the following is applicable:</p> <ul style="list-style-type: none"><li>(a) section 45(1) of CDSA</li><li>(b) Section 8 or 10 of Terrorism (Suppression of Financing) Act 2022</li></ul> <p><b>Section 20 PSPM Act</b> A regulated dealer must perform any prescribed measures related to targeted financial sanctions against terrorism.</p> <p>Punishment is a fine of up to \$100,000 for regulated dealer guilty of an offence under section 20 PSPM Act.</p>
<p><b>New section 55A CDSA</b> which creates new offences, in particular:</p> <ul style="list-style-type: none"><li>• enabling another to launder money by receiving or transferring property/ money from or to another person and failing to take reasonable steps to ascertain that person's identity and physical location (s55A(1)(b)(iv), s55A(2)(b)(iv))</li><li>• Punishment is a fine of up to \$50,000 imprisonment up to 3 years or both for individuals and for non-individuals is a fine of up to \$1 million.</li></ul>	



# Suspicious Transaction Report (STR)

## When to file

- If you know or have reason to suspect criminal activities, such as:
  - i. the transaction you are undertaking may involve ML/TF/PF.
  - ii. The customer may be a terrorist, terrorist entity or designated person.
- Immediately inform your compliance officer or senior management who is responsible for filing STR.
- To file the STR as soon as possible.

## How to file

- E-file on the Police webpage through STRO Online Notices And Reporting platform (SONAR).



<https://www.police.gov.sg/sonar>



# Reasons to file an STR

## **Anomalies noted during CDD**


- Unable to determine SOW
- Entity was unable/unwilling to provide information/ documentation
- Unable to determine relationship between entity and transacting party/ parties
- Entity(s) featured in adverse news/ transactions with entity(s) featured in adverse news
- Financial activity inconsistent with known profile of entity
- Questionable/ false information/ document was/were provided during onboarding

## **Structuring/ Layering of Transactions**


- Unable to determine SOF
- Large cash transactions
- Unusual/ uneconomic movement of funds
- Transactions using separate entities to conceal the SOF/ order of transactions




# Red Flag Indicators – Licensed Moneylenders and Pawnbrokers




All identification documents presented appear new or have recent issue dates, or are copies of the original.




Borrower or pawner presents confusing or conflicting details about the purpose of the loan.




Borrower or pawner is accompanied and watched by another person during the loan application process, when there appears no good reason for such company.



Borrower or pawner attempts to convince you to not complete the documentation required for the transaction.



Borrower or pawner takes on multiple loans and repays them before the due date but is unable to provide a reasonable explanation on his source of funds.



Borrower or pawner applies for a loan of an amount that is unusual when compared with past transactions.



# Red Flag Indicators – PSMDs



Transactions that are not consistent with the usual profile of a customer



Payments received from multiple unrelated third parties



Unusual payment arrangements



GST Missing Trader involving precious metals





# Item 3: Terrorism Financing and Targeted Financial Sanctions



# What is Terrorism Financing (TF)?



Act of providing funds to terrorists to carry out acts of terrorism.

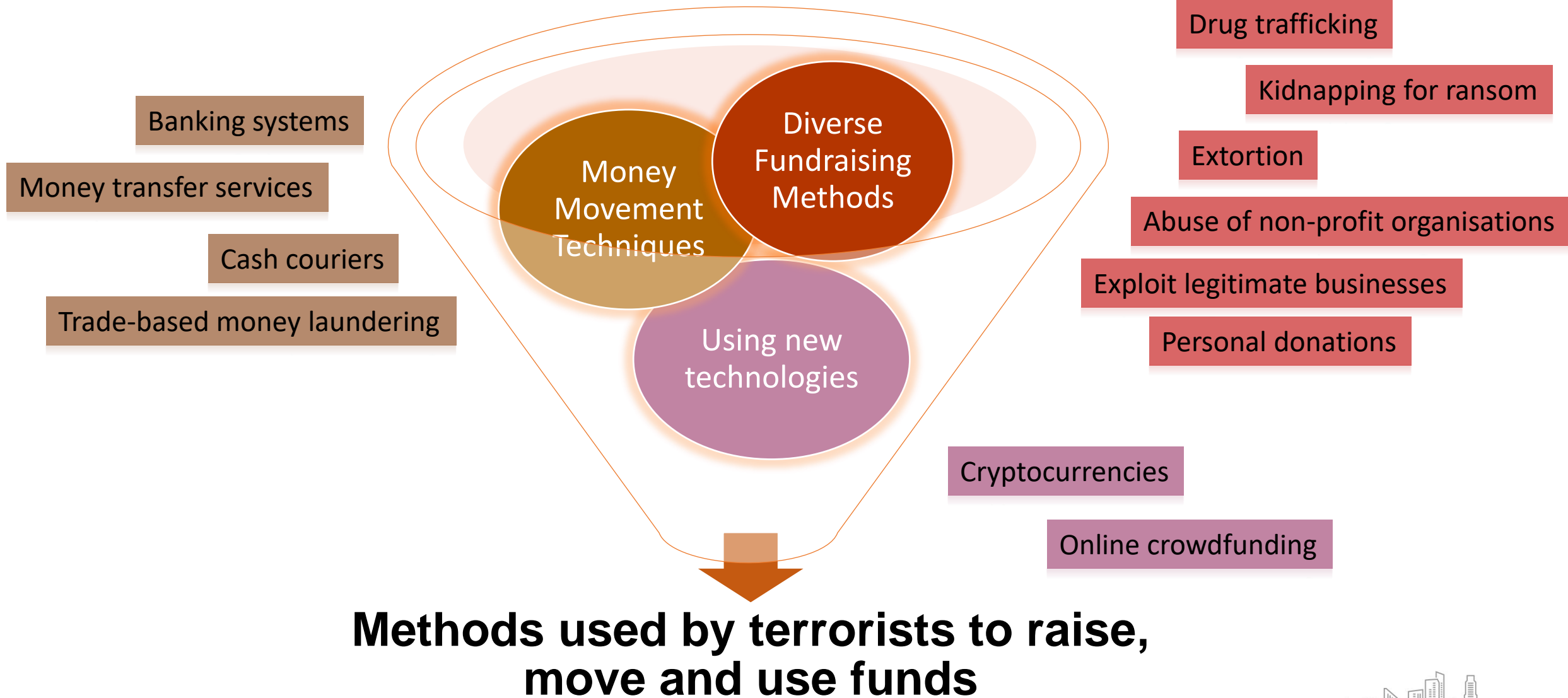
Examples of terrorist organisations:

- Islamic State of Iraq and Syria (ISIS)
- Jemaah Islamiyah (JI).

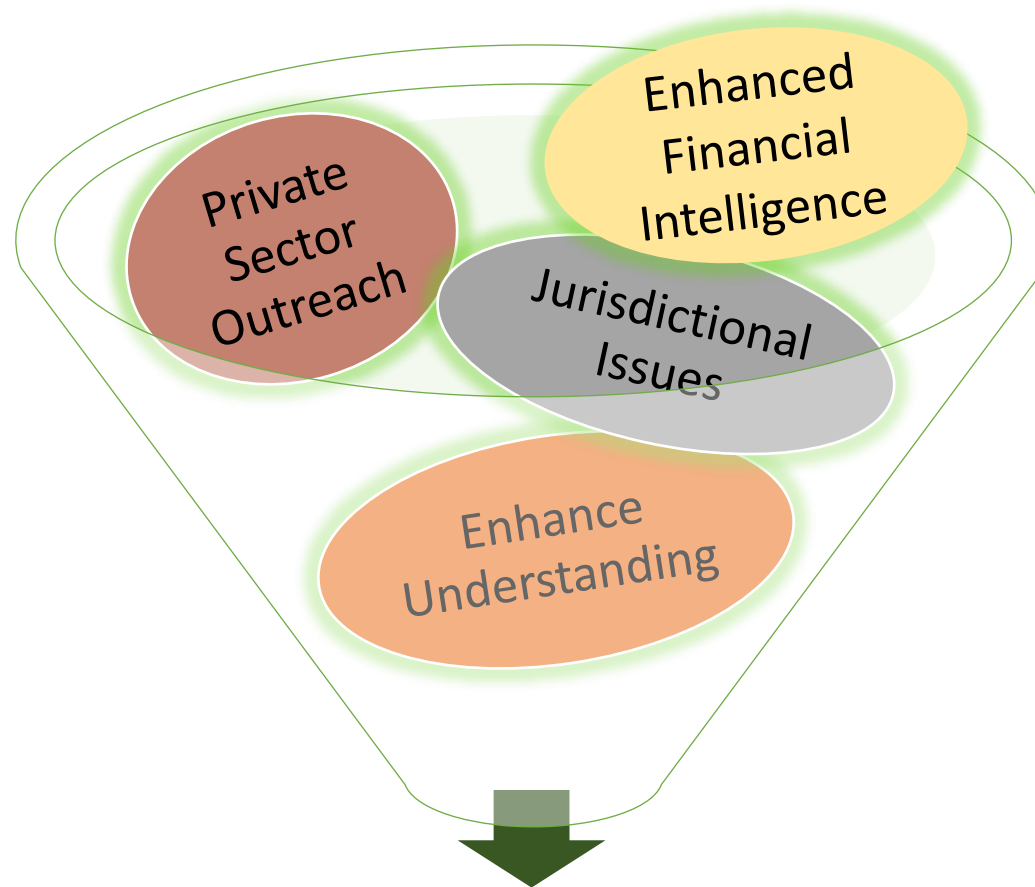
The TSOFA was enacted in Singapore to combat this threat.



# Key Points of FATF TF Typologies Report



# Key Points of FATF TF Typologies Report



**Focus areas for  
strengthening efforts**



# What is Targeted Financial Sanctions (TFS)?

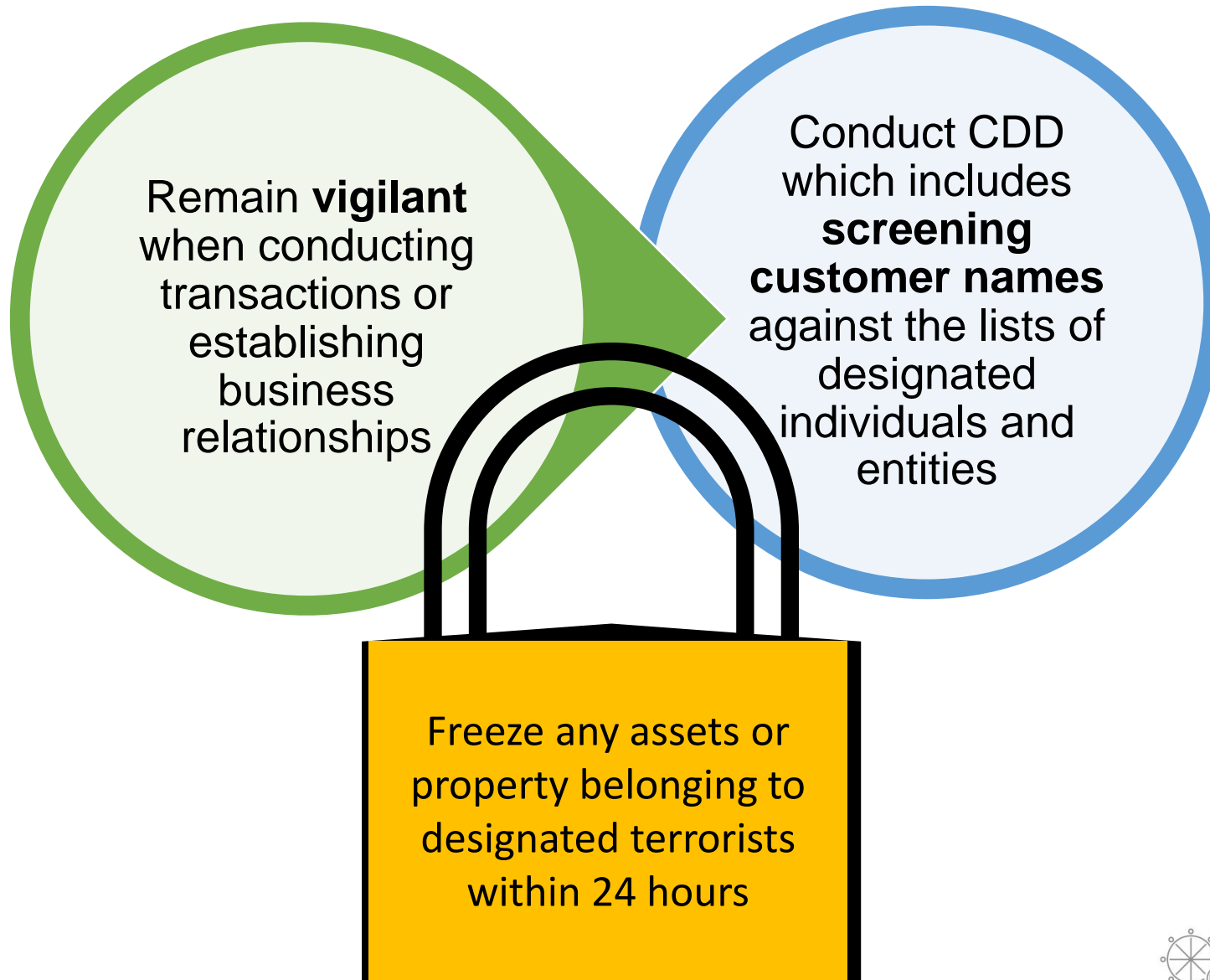
Means to deprive terrorist and proliferation financiers of their funds to protect against the threats of terrorism and weapons of mass destruction crimes.

Includes freezing of:

- funds
- financial assets
- economic resources of designated individuals and entities.



# Obligations of PSMDs, Pawnbrokers & Moneylenders



MAS website on Targeted Financial Sanctions



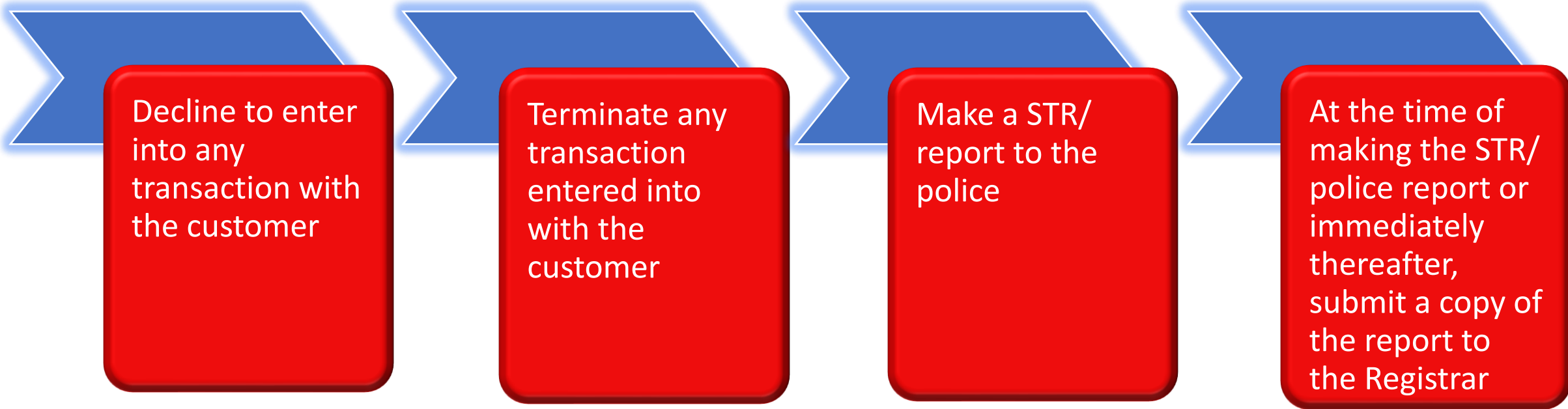
MHA website on terrorist designation



Subscription to MAS website for updates



# What happens if the customer is in the terrorist designation or financial sanction lists?



```
graph LR; A[Decline to enter into any transaction with the customer] --> B[Terminate any transaction entered into with the customer]; B --> C[Make a STR/report to the police]; C --> D[At the time of making the STR/police report or immediately thereafter, submit a copy of the report to the Registrar];
```

Decline to enter into any transaction with the customer

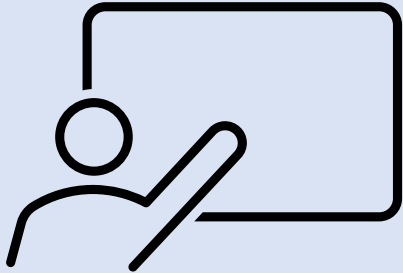
Terminate any transaction entered into with the customer

Make a STR/  
report to the  
police

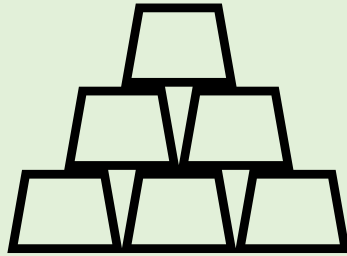
At the time of making the STR/  
police report or  
immediately  
thereafter,  
submit a copy of  
the report to  
the Registrar



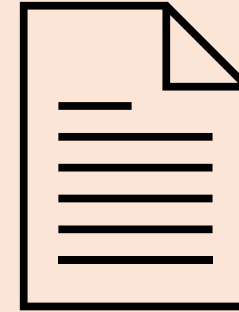
# Case Study: Transaction with person on MHA's terrorist designation list



**Customer is listed on the MHA terrorist designation list**



**Amount paid was below the threshold stated in the IPPC and customer did not appear suspicious**



**Customer found to be listed on the MHA terrorist designation list following backend screening done later**



**Appropriate action was taken against the dealer after considering the circumstances and the dealer's attitude towards remediation.**



**Dealer incorporated a new process to automate checks on ALL customers using their Singpass or foreign ID number**





# Item 4: Introduction to Counter Proliferation Financing



# PF Requirements Effective 1 May 2024

NEW



Parliament passed the  
Prevention of Proliferation  
Financing and Other Matters Bill  
on 6 February 2024

Licensed moneylenders,  
pawnbrokers and PSMDs must  
now put in place adequate  
measures for countering  
proliferation financing.



# What is Proliferation Financing (PF)?

Provide  
money or  
resources

Support  
creation or  
distribution



Weapons of  
mass  
destruction,  
e.g. bombs


Contravenes  
national laws  
or international  
obligations



**Be aware of the  
PF risks involved  
in your business**



**Do not unwittingly  
support or become part  
of proliferation financing  
networks or schemes.**

 The proliferation of  
weapons of mass  
destruction pose a  
significant threat to  
international peace and  
security.



# Item 6: Enforcement Statistics (PSMD)



# Regulatory Supervision and Enforcement

- Supervise PSMD sector for compliance with regulatory requirements
- Deliver fair and effective enforcement outcomes

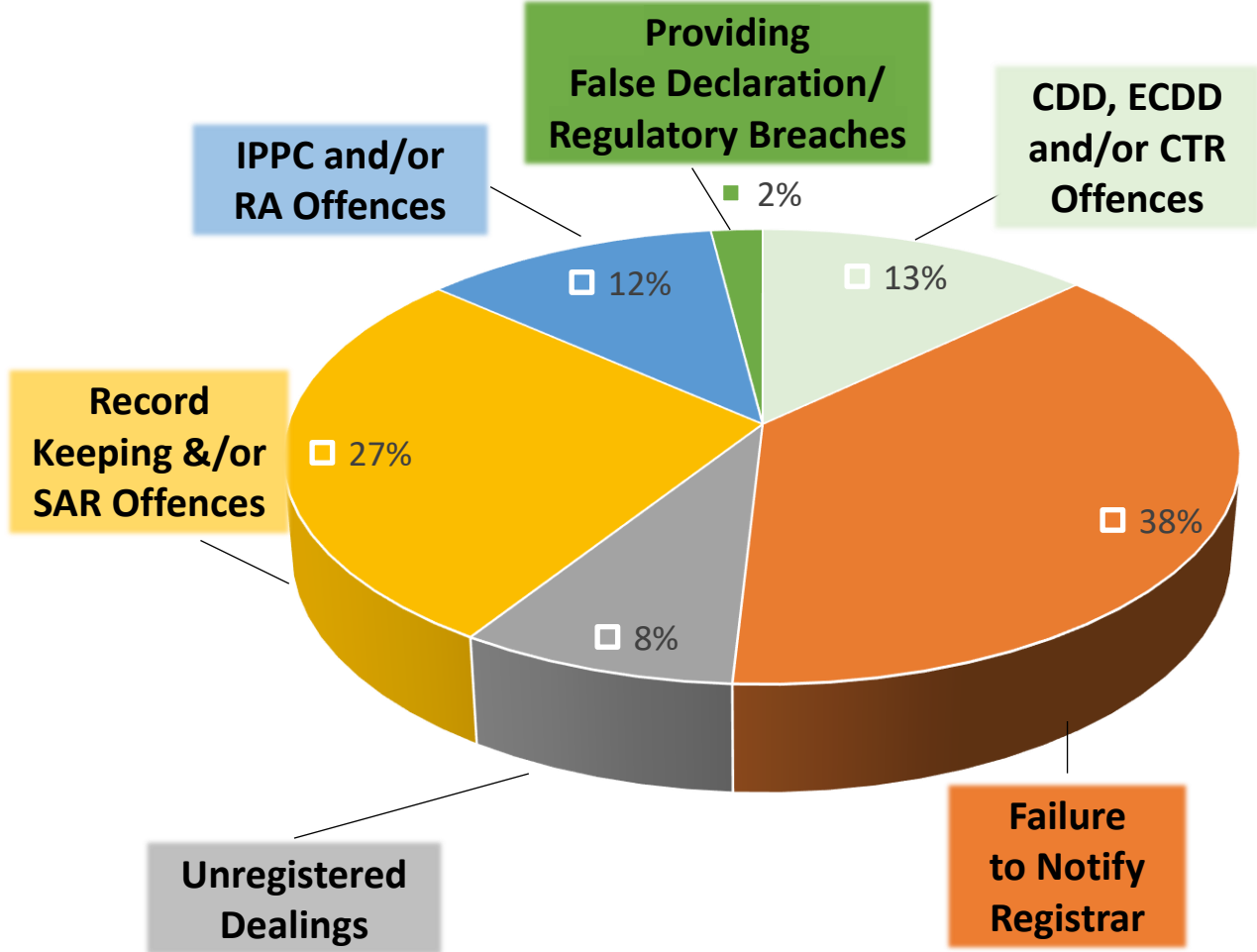
## Two Key Areas of Focus

- Non-compliance with AML/CFT requirements
- Unregistered dealings

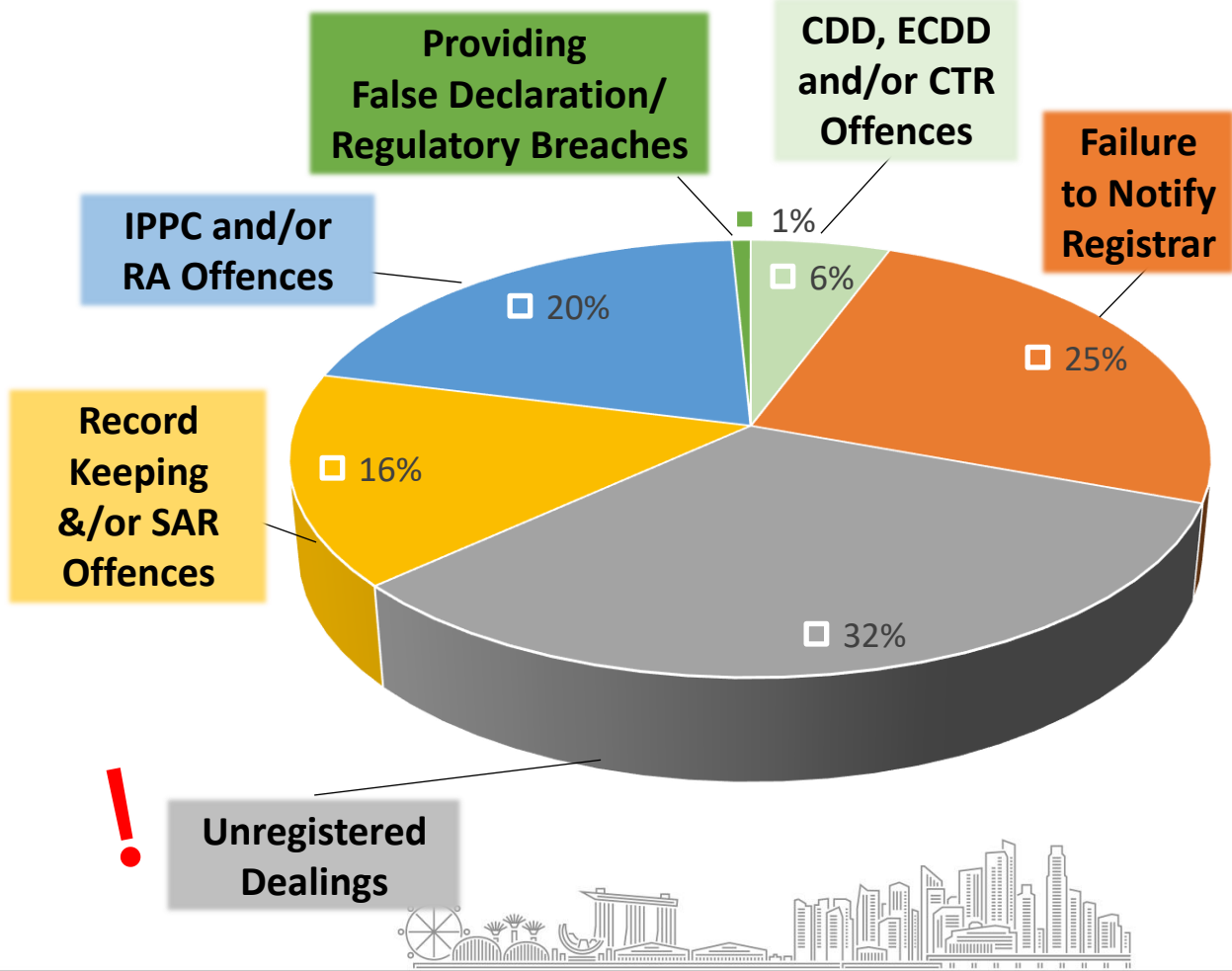


# Offences

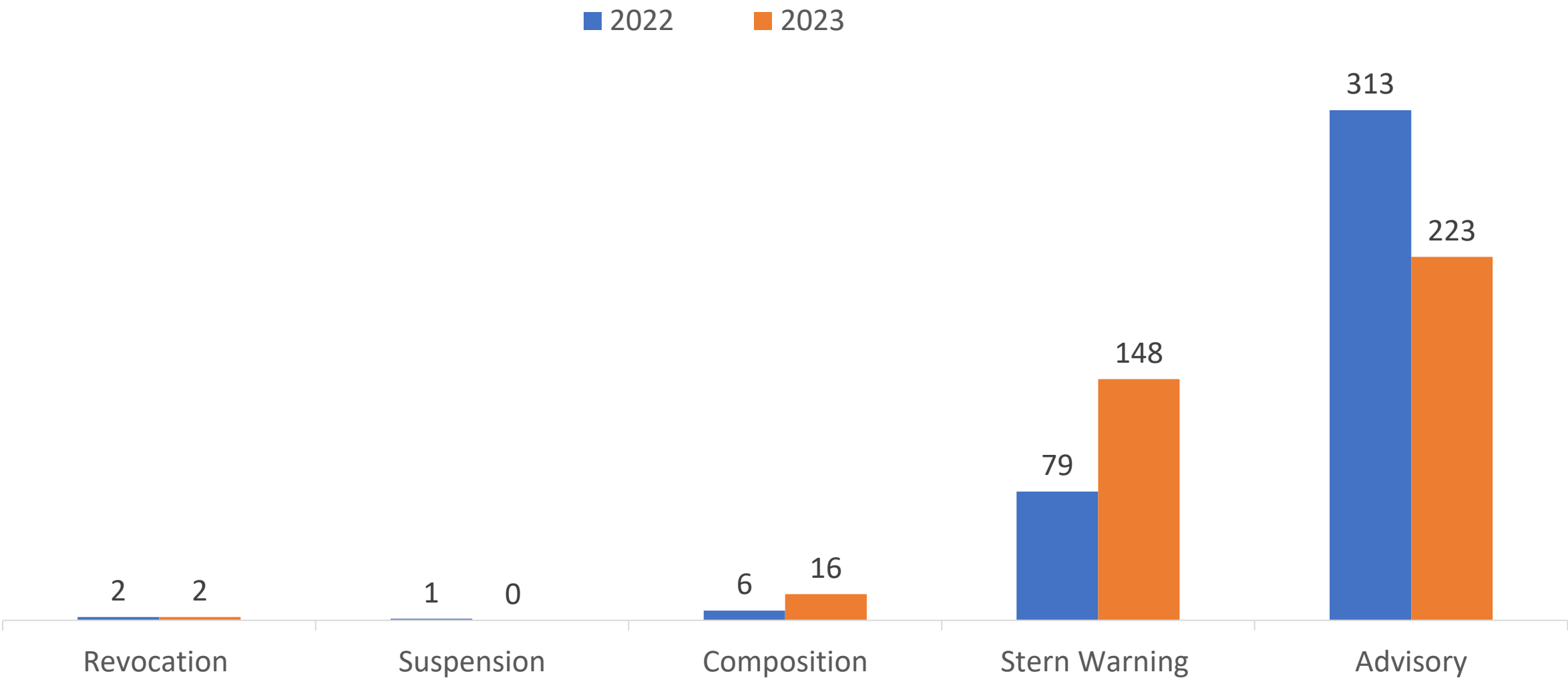
2022



2023



# Enforcement Outcomes



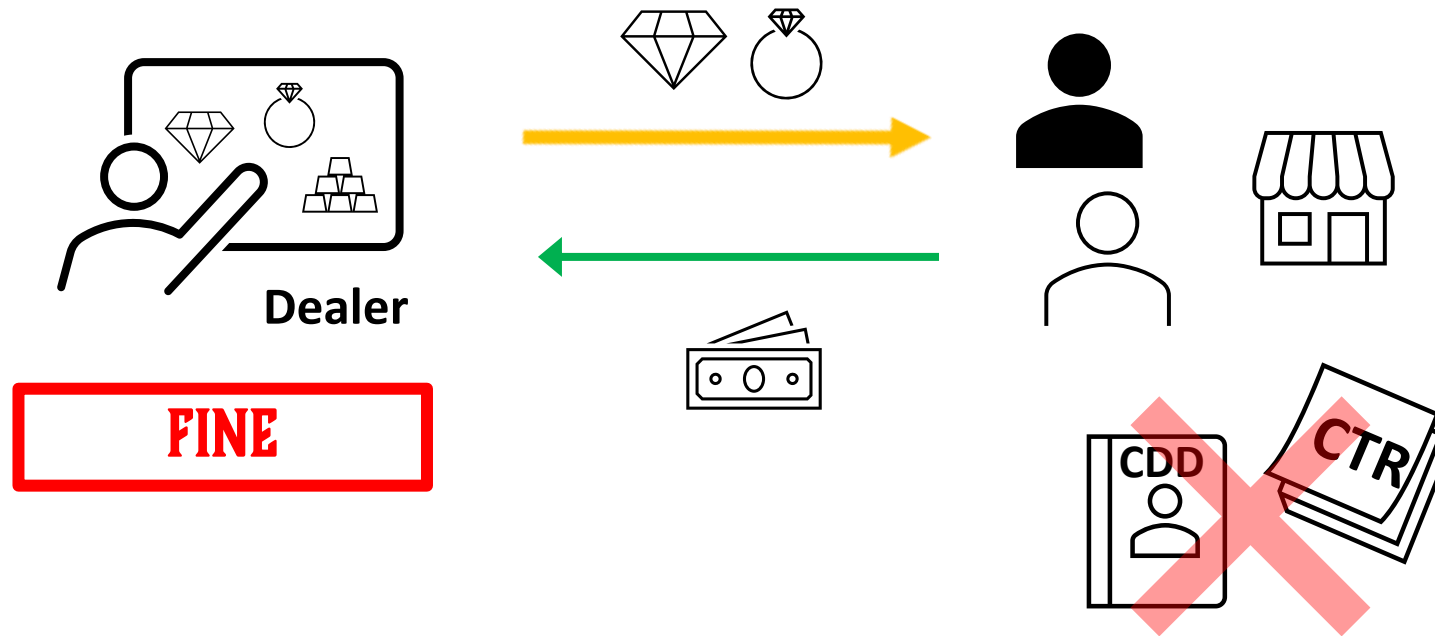
# Item 7: Case Studies





# Case Study 1

## Failure to conduct CDD and file CTR



Maximum Penalty for failure to conduct CDD under the prescribed circumstances attracts a fine not exceeding **\$100,000** under Section 16 of the PSPM Act.

Maximum Penalty for failure to file CTR on designated transactions conducted attracts a fine not exceeding **\$20,000** or **imprisonment for a term not exceeding 2 years** or **both** under Section 17 of the PSPM Act.

# Obligations under PSPM Act

Dealers are required to conduct **CDD** on:

- transactions involving payments using cash, gold or virtual currencies above \$20,000.
- the transactions, regardless of amounts, if dealers to have reason to suspect ML/TF/PF.

If a dealer is unable to perform/ complete CDD, the dealer must decline to enter / terminate the transaction, consider whether to file a STR and document the reasons for the decision.

Dealers are required to file **CTRs**:

- File CTRs on designated transactions
- The CTRs have to be filed within 15 business days of the designated transactions
- Report information on the cash payers and cash owners in the CTRs

## *Remember*

**Cash deposited directly into a dealer's Singapore bank account is considered a cash payment**

# CDD has to be conducted on

1



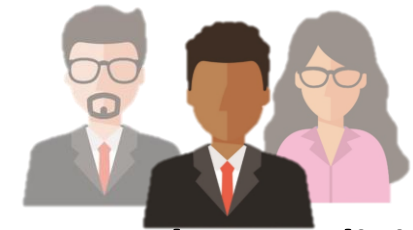
**Customer (individual)**

2



**Individual Customer's  
Representative/ agent**

3



**Person whom Individual  
Customer is acting on behalf,  
i.e. Beneficial Owner**

4



**Customer (corporate)**

5



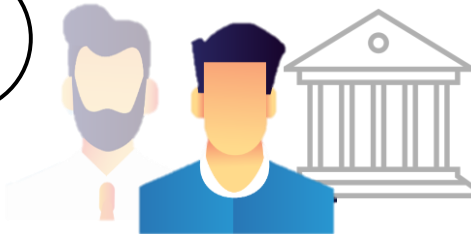
**Corporate Customer's  
ultimate owner/ controller**

6



**Corporate Customer's  
Representative/ agent**

7

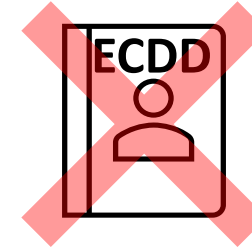
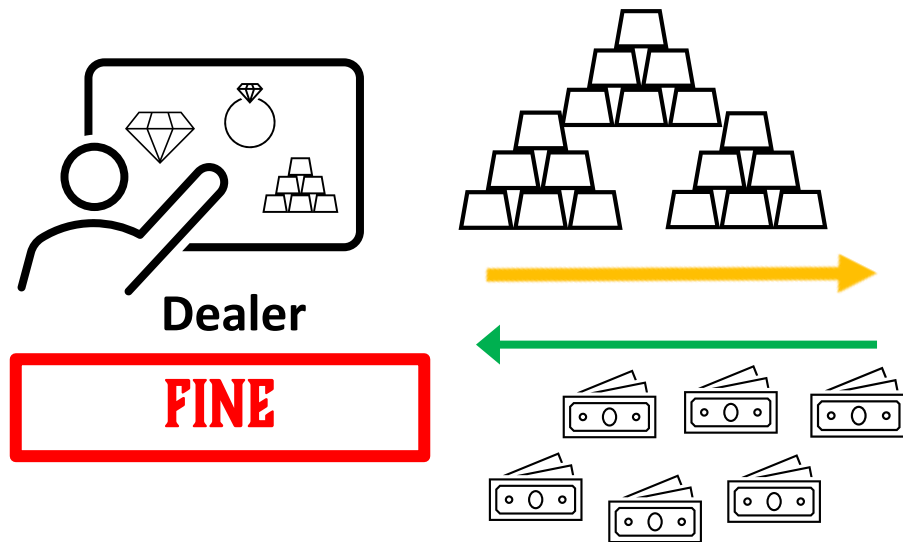


**Person whom Corporate Customer is acting on behalf,  
i.e. Beneficial Owner**

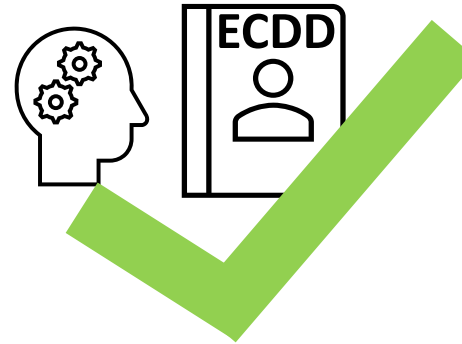


# Case Study 2

## Failure to conduct ECDD



Dealer did not conduct ECDD on the customers despite the transactions far exceeding those with similar customer profile



Reasonable dealer should have assessed such customers to present high ML risk and conduct ECDD



Maximum Penalty for failure to conduct ECDD under the prescribed circumstances attracts a fine not exceeding **\$100,000** under Section 16 of the PSPM Act.



# Obligations under PSPM Act

Dealers are required to identify, assess and understand the ML/TF/PF risks in relation to their customers.

Dealers are required to conduct **ECDD** measures on:

- Customers who are politically exposed persons (PEPs)
- Customers from foreign country or territory that is on FATF's lists of jurisdictions under increased monitoring
- Customers or transactions assessed to be presenting high ML/TF/PF risk (e.g. exhibiting red flags indicators or from higher risk countries)

ECDD measures include taking reasonable measures to establish the income level, source of wealth (SOW) and source of funds (SOF) of the customer and beneficial owner(s) of the corporate customer.



# Examples of ML/TF/PF red flags

- Transactions which are inconsistent with customer's known profile
- Payment received from unrelated third parties
- Unusual payment arrangements
- Unusually large transactions (cash or non-cash)
- Unusually complex transactions
- Transactions with no apparent or visible economic or lawful purpose

***Refer to Guidelines for Regulated Dealers for list of red flags***

## ***Remember***

- Customers should not be assessed to be low risk solely based on negative screening results, payments using credit cards/ bank transactions/ cheques/ funds from licensed remittance agents
- Dealers should conduct ongoing monitoring of customer transactions against the known customer profiles to detect inconsistencies

# What is SOW and SOF?

## SOW

- Origin of the customer's or beneficial owner's entire wealth.

## SOF

- Origin of the particular fund or other assets which are the subject of the transaction.

### Example

**SOW** might come from:

- Salary
- Business earnings
- Investment profits
- Inheritance



### Example

**SOF** might come from:

- Cash from bank



Generated from:

- Recent sale of house
- Insurance plan proceeds
- Loan



# Observations on SOW/SOF Corroboration Lapses

- Over reliance on customer's representations, e.g. funds from business income
- Ignore/ ignorance of ML/TF red flags, e.g. funds from third parties
- Treats funds as legitimate if come from financial institutions

## How should SOW/SOF checks be conducted?

- Obtain objective supporting information when establishing SOW, SOF and income level and not rely solely on customers' representations
- Make a reasonable assessment on the plausibility of customers' SOW and there should be proper documentation of the assessment.
- Extent of checks and corroboration conducted can be risk-based
- Further due diligence should be conducted where the customers' representations are inconsistent with the information collected





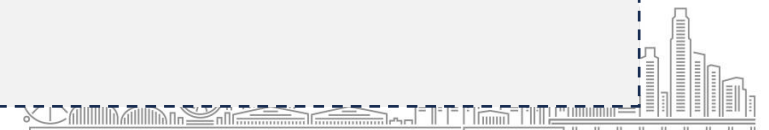
# Documents and Assumptions

## **Types of Information/ documents for corroboration**

- Salary – salary slips, tax returns
- Business earnings – audited financial statements, company registry information to corroborate ownership

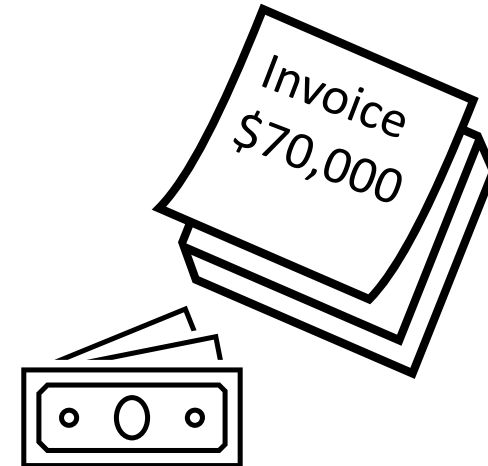
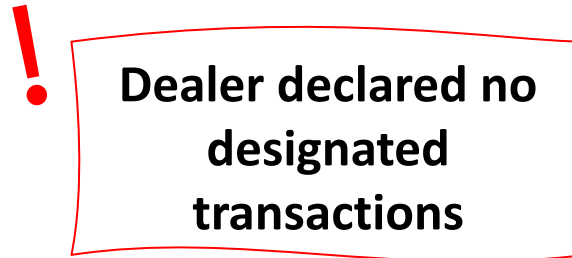
## **Assumptions or benchmarks used should be supported by clear and reasonable basis**

Take reasonable measures to gather information and where possible, triangulate with information from independent sources (e.g. publicly available information) in making assessment.



# Case Study 3

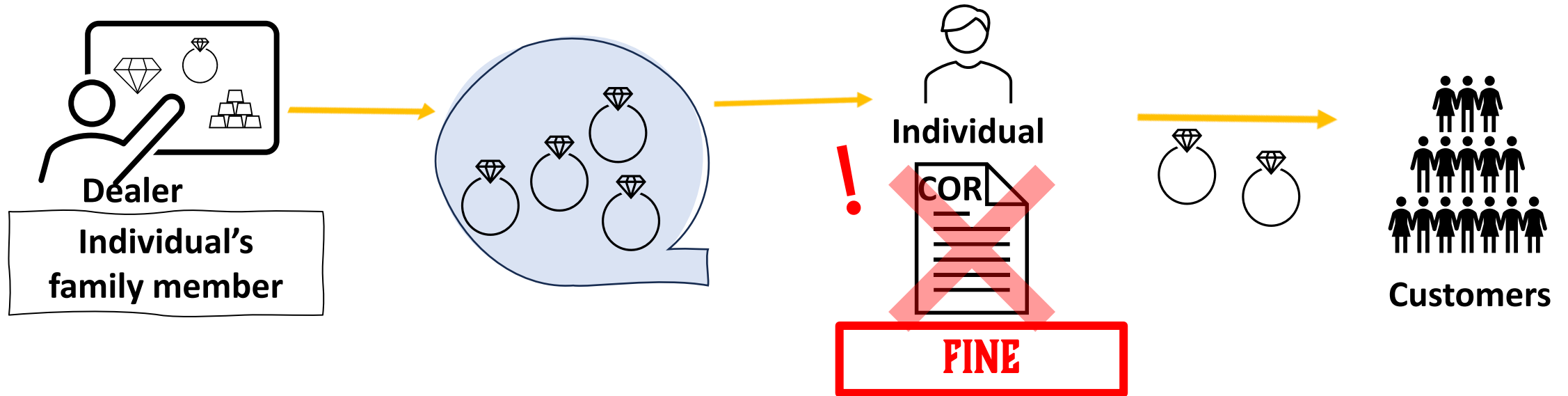
## Providing false information to Registrar or Authorised Officer



Maximum Penalty for providing false information to the Registrar or an authorised officer attracts a fine not exceeding **\$50,000** or imprisonment not exceeding 2 years or both under Section 27 of the PSPM Act.

# Case Study 4

- ❑ Carrying out regulated dealing without registration
- ❑ Abetting to carry out regulated dealing without registration



Maximum Penalty for carrying out regulated dealing without registration attracts a fine not **exceeding \$75,000** or **imprisonment not exceeding 3 years or both** under Section 6 of the PSPM Act.

# Staying Vigilant

Published in The Straits Times, 7 May 2024



Stay vigilant against criminals who may use criminal proceeds to buy PSPM and actions will be taken against dealers who do not comply with requirements under PSPM Act.

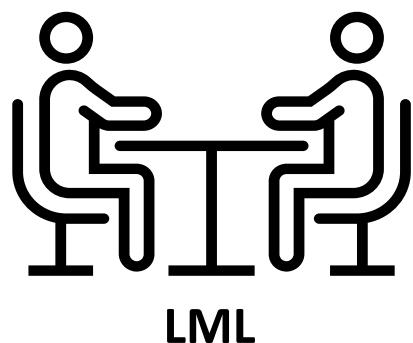
## What should dealers do?

- ✓ **Stay Vigilant** against criminals
- ✓ **Monitor** the transactions with customers
- ✓ **Assess** if there are reasonable grounds to suspect ML/TF activities
- ✓ **Conduct** CDD or ECDD
- ✓ **File** STR

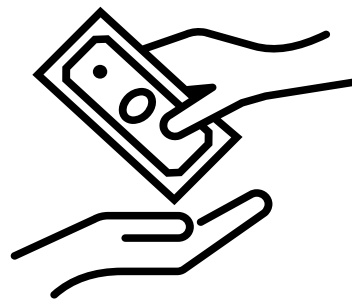


# Case Study 5

## Failing to keep records of assessment collected during CDD checks



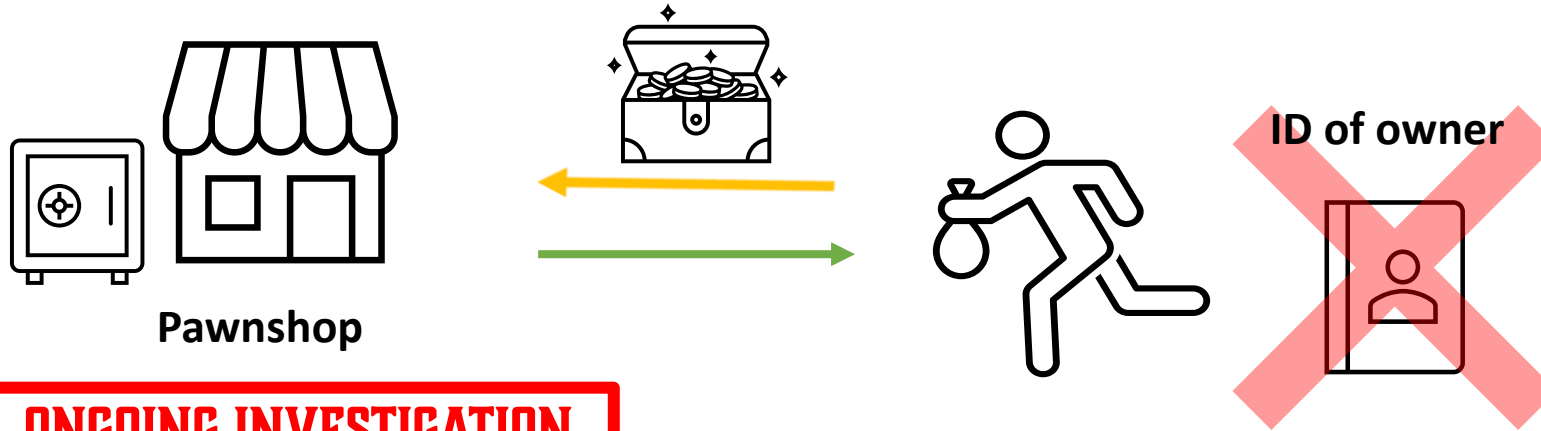
**STERN WARNING**



LMLs and PBs are required to retain information and documents obtained from performing CDD measures, including screening results, for at least 5 years.

# Case Study 6

## Failing to identify and verify the owner of the pledge



### ONGOING INVESTIGATION

PBs are required to:

- take reasonable steps to satisfy itself that pledges were not stolen or obtained through fraudulent or dishonest means; and
- identify and verify the owner of a pledge in the event that it has been established that the pawner is pawning the pledge on behalf of the pledge's owner.

# Item 8: Amendments to PSPM Act and Regulations



# Effective Date of Amendments



PSPM (PMLTF)  
Regulations



PSPM Act





# Precious Product

With effect from  
1 May 2024

## Before 1 May 2024

Luxury watches are deemed as precious products if at least 50% of its net sales price is due to the precious stones or precious metals.

*For example, a gold watch selling for S\$30,000 and containing gold worth S\$5,000 is not a precious product.*

## With effect from 1 May 2024

In addition, precious products now include ALL luxury watches and those priced above the prescribed value of S\$20,000.

*For example, the same gold watch selling for S\$30,000 and containing gold worth S\$5,000 is now deemed a precious product, even when the value of the gold in the watch is less than 50% of the net sales price.*



# Net Price

With effect from  
1 May 2024

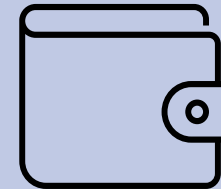


## Includes:

- + Fee or charge (e.g. jewellery workmanship)
- + Tax (e.g. GST)
- + Trade in or second-hand sale (e.g. sale of old jewellery to offset new purchase)
- + Prepayment deposit (e.g. deposits into digital wallet for payment)

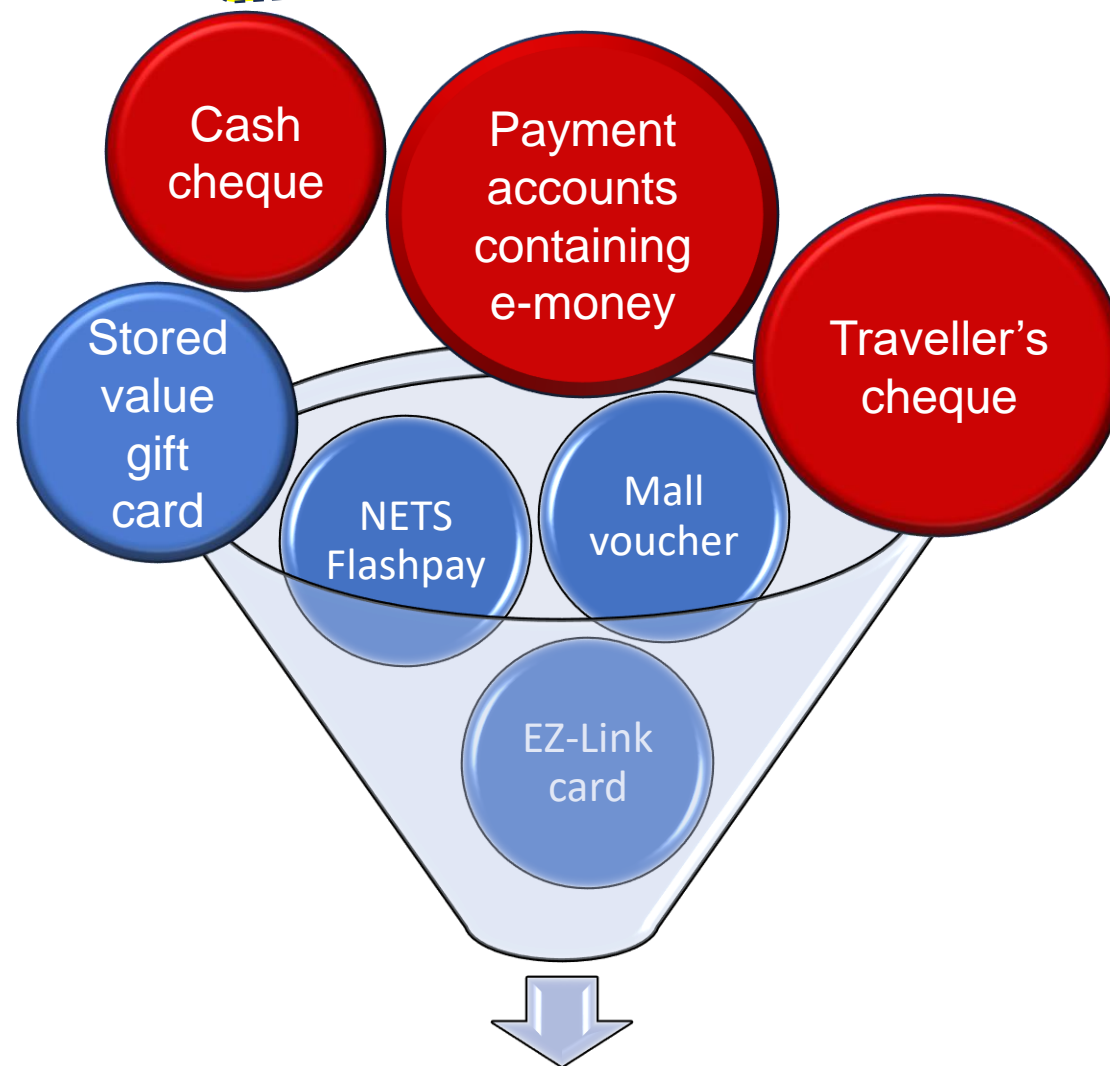
## Excludes:

- Discounts or rebates



# Cash Equivalent

With effect from  
15 Nov 2023



Cash equivalent



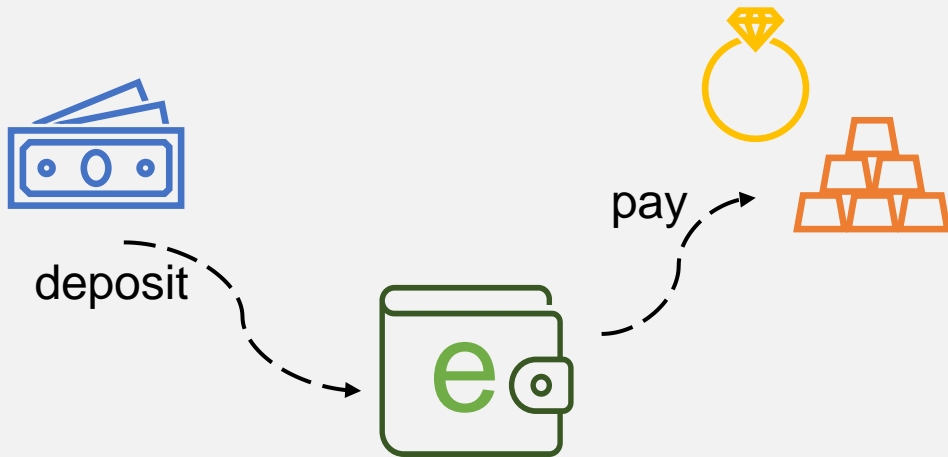
# e-money

With effect from  
15 Nov 2023



“Cash equivalent” also means a payment account that contains e-money.

## Example



e-money means any electronically stored monetary value that --

1

is denominated in any currency, or pegged by its issuers to any currency

2

has been paid for in advance to enable the making of payment transactions through the use of a payment account

3

is accepted by a person other than its issuer

4

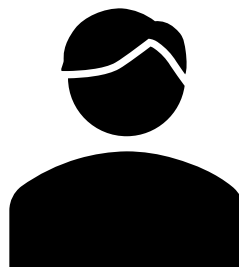
represents a claim on its issuer



# Fit & Proper Assessment on Compliance Officer

With effect from  
1 May 2024

Compliance officers  
are already required  
to be at the  
management-level.



If assessed to be not a  
fit and proper person,  
registration/renewal  
may be refused.

Compliance officers  
are also subject to  
fit and proper  
assessment.



# Customer Due Diligence

With effect from  
15 Nov 2023

## When

Before entering into a transaction involving payment received in

- **gold** (except in the form of jewellery)
- **digital payment tokens**

exceeding S\$20,000

## Who

- **Representative/ agent** acting on behalf of an individual
- **Beneficial owner** of representative/ agent
- **Corporate customer**
- **Beneficial owner** of corporate customer
- **Representative/ agent** acting on behalf of a corporate customer
- **Beneficial owner** whom corporate customer is acting on behalf

## How

Obtain information from **reliable and independent sources**

### Entity or legal arrangement

- **Obtain** documents that constitute, regulate and bind the entity or legal arrangement
- **Understand** the business nature, control structure and identifying the beneficial owner(s)



# Record Keeping

With effect from  
1 May 2024

- Also applies to **former** regulated dealers, such as registration expired or cancelled.
- Records must be kept for **5 years** from the date of transaction or CDD was carried out.
- Same record-keeping period required for existing dealers.

## Example



# Cash Transaction Report (CTR)

With effect from  
1 May 2024



Incomplete



Inaccurate



Offence to submit  
incomplete or  
inaccurate CTRs

MinLaw will assess  
each case before  
taking enforcement  
actions





# Registration Lapsing/Cancellation/Suspension

With effect from  
1 May 2024

## Lapsing of registration

- Wound up or dissolved (being an entity)
- When the registered dealer dies (being an individual who is a sole proprietor)

## Regulatory action

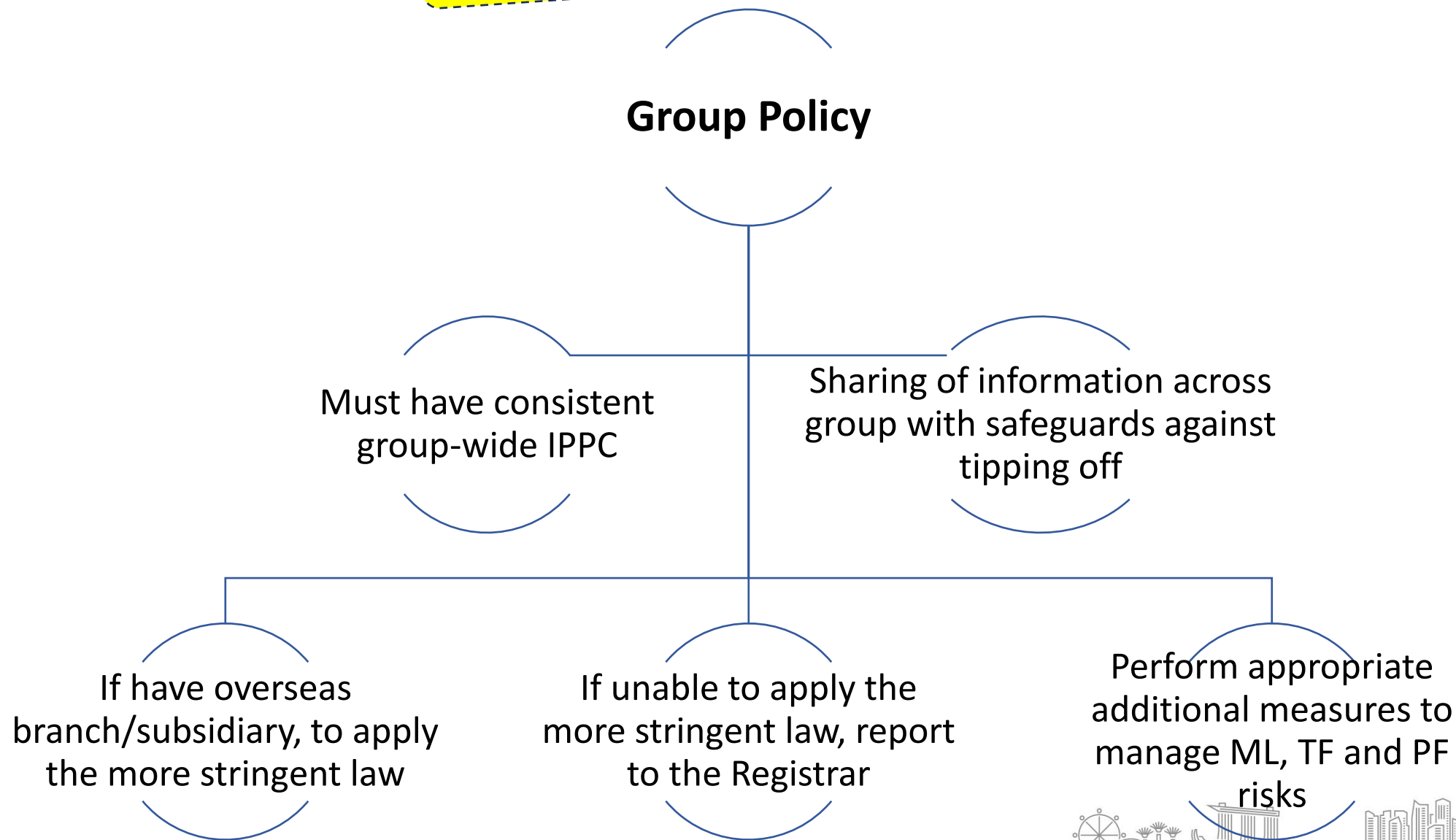
Registrar may cancel or suspend registration if the registered dealer has:

- displayed, advertised, stated or otherwise used its registration
- that is likely to create an erroneous impression
- that the Registrar regulates for purposes other than prevention of ML, TF or PF.



# Group Policy

With effect from  
15 Nov 2023



# Other Amendments

With effect from  
1 May 2024

## Service of documents

MinLaw can now serve documents to registered dealers or their directors through electronic means. E.g., advisories or warning letters.

## Asset-backed tokens

Digital payment tokens are being removed from the existing “asset-backed token” definition since it is being regulated under the Payment Services Act 2019.

## Duty to notify Registrar

Registered dealers ceasing regulated activities due to winding up or dissolution, or due to expiry or cancellation of registration, will not need to notify the Registrar of the cessation



# Updates to Guidelines for Regulated Dealers



Scan me to  
download now!

- The Guidelines have been updated on MinLaw's website.
- Registered dealers are highly encouraged to download and refer to the latest version.
- Includes new section providing guidance on non face-to-face identity verification. Important for registered dealers as online sales are increasingly becoming more common.



# Item 9: Registration Matters and Useful Resources



# PSMD - Renew your registration timely

## Check Your Renewal Period

You can **renew your registration 90 days** before your registration expiry.

You may also check your last application approval email on the renewal period, i.e. **"Your next renewal period will be from <date> to <date>."**

## Submit Renewal Application

In the **GoBusiness Dashboard**:

- Complete and **submit** the renewal application form.
- **Pay** the registration fee.



**Reminder:** Please renew your registration on time.

## Alerts to Renew

You will receive 3 alerts to renew your registration.

- **60 days before** expiry: *myPal* pop up + email reminder.
- **30 days before** expiry: 1<sup>st</sup> SMS reminder.
- **14 days before** expiry: 2<sup>nd</sup> SMS reminder.

## Registration Expires

If your registration has **expired**, you will not be able to submit your renewal application.

You will be required to **submit a new application** to be a registered dealer.

# Useful Resources

## ACD Website

Notice for  
Customers

Sample Forms  
(IPPC, RA,  
CDD, ECDD)

Compliance  
Toolkit

Video Guides  
(SAR, screening function)

Guidelines  
for Regulated  
Dealers

Latest news from  
Registrar

## *myPal* Portal

Check  
registration  
expiry

My  
Notifications

Submit Semi-  
Annual  
Return

Digital Training  
(CDD, ECDD, STR, CPF)

Survey

Screening Function  
(Perform screening against TSOFA  
and UN sanction lists)



# Thank you!

@minlawsg

