

# Guidelines

for Regulated Dealers in the  
Precious Stones and Precious Metals Dealers Sector  
on Anti-Money Laundering/Countering the Financing of  
Terrorism

15 November 2023

## Version Control Record

Version	Release Date	Key Changes
1.0	30 Apr 2019	<ul style="list-style-type: none"> <li>• First release.</li> </ul>
1.1	28 Aug 2019	<ul style="list-style-type: none"> <li>• Clerical edits and formatting.</li> <li>• Update to paragraph 6.3.2 - Listings on terrorist designation and designated individuals and entities.</li> <li>• Update to Annex D 'Red Flag Indicators for Regulated Dealers' – Added Customer Behaviour (ix) and Supplier Behaviour (x).</li> <li>• Update to Annex E, Form B – Segmented headers for section B3 and B4.</li> <li>• Updated references to the CTR form and CTR filing process to reflect updates to the CTR smart form in in: <ul style="list-style-type: none"> <li>○ paragraph 2.1: definition of terms</li> <li>○ paragraph 12 generally</li> </ul> </li> <li>• Expanded on definition of “precious product” in paragraph 2.1: definition of terms.</li> <li>• Updated MAS weblink in: <ul style="list-style-type: none"> <li>○ paragraph 4.2.2(a) footnote 8</li> <li>○ paragraph 6.3.2(b)</li> <li>○ Annex C, paragraph 4.1(b)</li> <li>○ Annex C, paragraph 5.1(b)</li> <li>○ Annex E, Form B1.2</li> </ul> </li> <li>• Added best practice to verify if customer is authorised to act on behalf of another person in: <ul style="list-style-type: none"> <li>○ paragraph 6.2.2</li> <li>○ Annex C, paragraph 10.1(e)</li> <li>○ Annex E, A1.15</li> </ul> </li> <li>• Added best practice to understand the nature of the business of a legal person in: <ul style="list-style-type: none"> <li>○ paragraphs 6.3.1 and 6.3.3</li> <li>○ Annex E, A2.18</li> <li>○ Annex E, A3.20</li> </ul> </li> <li>• Clarified requirement to obtain proof of supporting documentation for customer’s identity in: <ul style="list-style-type: none"> <li>○ paragraph 13.1.2(b)</li> <li>○ Annex C, paragraph 10.1(b)</li> </ul> </li> <li>• Clarified notification of countries/jurisdictions that the FATF has called for countermeasures against in paragraph 7.1.2</li> <li>• Clarified record keeping requirement for legal persons in: <ul style="list-style-type: none"> <li>○ paragraph 13.1.2</li> <li>○ Annex C, paragraph 10.1</li> </ul> </li> <li>• Added list of additional ECDD measures for consideration of regulated dealers in paragraph 7.2.2.</li> <li>• Clarified that SCDD is meant to cover only a segment of customers in paragraphs 8.1.1 and 8.1.2.</li> </ul>

Version	Release Date	Key Changes
		<ul style="list-style-type: none"> <li>• Clarified circumstances in which to report to police or consider filing STR in Annex A.</li> <li>• Clarified “confidentiality” requirement under section 10A of TSOFA in paragraph 12.4.2.</li> </ul>
2.0	14 Dec 2020	<p><b>Changes to Guidelines</b></p> <ul style="list-style-type: none"> <li>• Clerical edits, formatting, and minor clarifications.</li> <li>• <u>New paragraphs 3.3.1 – 3.3.3</u>: explanation and supervisory expectations in relation to Proliferation Financing.</li> <li>• <u>New paragraphs 3.4.1 – 3.4.3</u>: explanation of dealers’ responsibility to comply with AML/CFT requirements, and the three lines of defence.</li> <li>• <u>Paragraphs 5.1.1 – 5.1.2</u>: emphasis on the obligations of directors and senior management of regulated dealers.</li> <li>• <u>New paragraph 5.2.4</u>: clarification on what the IPPC should cover.</li> <li>• <u>Paragraph 6.2.1(d)</u>: dealer must obtain appropriate documentary evidence to verify that the customer is authorised to act on behalf of that other person.</li> <li>• <u>Paragraphs 6.3.7 – 6.3.8</u>: explanation of situations where dealer need not do CDD on the BO e.g. publicly listed customers.</li> <li>• <u>New paragraphs 6.3.12 – 6.3.17</u>: explanation of documents that must be collected for CDD and supervisory expectations on the process for collecting documentation.</li> <li>• <u>New paragraph 6.4.4</u>: dealers are expected to document the results of screening and assessment.</li> <li>• <u>New paragraphs 7.1.1 – 7.1.2</u>: explanation of PEPs, close associates of PEPs and ECDD procedures.</li> <li>• <u>New paragraphs 7.1.3 – 7.1.6</u>: explanation of ECDD requirements for high-risk countries and other categories of high-risk customers.</li> <li>• <u>New paragraphs 7.2.2 – 7.2.4</u>: explanation of source of funds and source of wealth, and procedures to acquire this information.</li> <li>• <u>New paragraphs 11.1 and 11.2</u>: explanation of ongoing monitoring requirements.</li> <li>• <u>New paragraph 13.1.2(e)</u>: dealer must keep record of proof that customer is authorised to act on behalf of another person (if applicable).</li> <li>• <u>New paragraphs 13.2.1 – 13.2.3</u>: explanation of requirement to file semi-annual returns.</li> </ul> <p><b>Changes to Guide on When to Perform CDD and ECDD Measures (old Annex A – new Annex C)</b></p>

Version	Release Date	Key Changes
		<ul style="list-style-type: none"> <li>• Replaced old flowchart with a streamlined infographic.</li> </ul> <p><b>Changes to Sample Risk Assessment Form (old Annex B – new Annex A)</b></p> <ul style="list-style-type: none"> <li>• Clerical edits, formatting, and minor clarifications.</li> <li>• <u>Risk assessment form</u>: reworked to three categories: <ul style="list-style-type: none"> <li>○ Customer profile</li> <li>○ Customer’s countries or territories of origin</li> <li>○ Product / Services / Delivery channels</li> </ul> </li> </ul> <p><b>Changes to Sample IPPC Document (old Annex C – new Annex B)</b></p> <ul style="list-style-type: none"> <li>• Clerical edits, formatting, and minor clarifications.</li> <li>• <u>IPPC paragraph 2.4</u>: risk assessment must be signed off by most senior member of senior management.</li> <li>• <u>New IPPC paragraphs 5.1 – 5.2</u>: explanation of CDD requirements.</li> <li>• <u>New IPPC paragraphs 6.1(b) – (g)</u>: explanation of documents that must be collected for CDD and supervisory expectations on the process for collecting documentation.</li> <li>• <u>New IPPC paragraph 6.2</u>: explanation on screening requirement and procedures.</li> <li>• <u>New IPPC paragraphs 6.3 – 6.5</u>: steps to be taken if CDD cannot be completed or if dealer has reasonable belief of tipping off.</li> <li>• <u>New IPPC paragraphs 8.1 – 8.3</u>: explanation on ECDD requirements, including requirements to conduct ECDD against: <ul style="list-style-type: none"> <li>○ countries on the FATF increased monitoring list;</li> <li>○ higher risk business activities;</li> <li>○ customers with suspicious behaviour / transaction patterns; and</li> <li>○ countries or territories with higher levels of corruption / organised crime / inadequate AML/CFT measures.</li> </ul> </li> <li>• <u>New IPPC paragraph 9.1</u>: explanation on procedures to conduct ECDD.</li> <li>• <u>New IPPC paragraph 10.1 – 10.2</u>: explanation on ongoing monitoring requirements and procedures.</li> <li>• <u>New IPPC paragraphs 12.1(d) – (e)</u>: dealer to collect identifying information of: <ul style="list-style-type: none"> <li>○ The person the customer is acting on behalf of; and</li> <li>○ Proof that customer is authorised to act on behalf of the other person.</li> </ul> </li> </ul>

Version	Release Date	Key Changes
		<p><b>Changes to Red Flag Indicators for Regulated Dealers (Annex D)</b></p> <ul style="list-style-type: none"> <li>• Clerical edits, formatting, and minor clarifications.</li> <li>• New customer behaviour indicators (xiv) – (xviii).</li> <li>• Reminder of new trends and typologies arising during the COVID-19 pandemic.</li> </ul> <p><b>Changes to Sample CDD Forms and Sample ECDD Forms (Annexes E and F)</b></p> <ul style="list-style-type: none"> <li>• Clerical edits, formatting, and minor clarifications.</li> <li>• CDD forms in <b>Annex E</b> reworked into: <ul style="list-style-type: none"> <li>○ Form A1 for all customers.</li> <li>○ Form A2 for individuals the customer is acting on behalf of.</li> <li>○ Form A3 for entities and legal arrangements.</li> <li>○ Form A4 for beneficial owners of entities and legal arrangements.</li> </ul> </li> </ul>
3.0	15 Nov 2023	<p><b>Changes to Guidelines</b></p> <ul style="list-style-type: none"> <li>• Clerical edits, formatting, and minor clarifications.</li> <li>• <u>Definition of terms used in guidelines:</u> Updated definition of cash equivalent and added definitions of digital payment token, e-money and net price.</li> <li>• <u>New paragraphs 5.3.1 to 5.3.3:</u> Added explanation on the implementation of a group policy.</li> <li>• <u>Paragraph 6.1.1:</u> Added transactions under prescribed circumstances to perform CDD.</li> <li>• <u>Paragraphs 6.2 and 6.3:</u> Added explanation on requirements of CDD and how to perform CDD.</li> <li>• <u>Paragraph 14:</u> Added explanation on additional measures relating to targeted financial sanctions.</li> </ul> <p><b>Changes to Sample Risk Assessment Form (Annex A)</b></p> <ul style="list-style-type: none"> <li>• Edited clarificatory note.</li> <li>• <u>Added examples under category on Services, Delivery Channels, and Mode and Value of Transactions.</u></li> </ul> <p><b>Changes to Sample IPPC Document (Annex B)</b></p> <ul style="list-style-type: none"> <li>• Edited clarificatory note.</li> <li>• <u>Paragraph 5.2:</u> Added transactions under prescribed circumstances to perform CDD.</li> </ul>

Version	Release Date	Key Changes
		<p data-bbox="568 275 1377 349"><b>Changes to Red Flag Indicators for Regulated Dealers (Annex D)</b></p> <ul data-bbox="619 356 1414 510" style="list-style-type: none"> <li data-bbox="619 356 1337 392">• <u>Added red flag indicators of Proliferation Financing.</u></li> <li data-bbox="619 398 1382 434">• <u>Added red flag indicators of shell and front companies.</u></li> <li data-bbox="619 441 1414 510">• <u>Added red flag indicators of GST missing trader fraud involving precious metals.</u></li> </ul> <p data-bbox="568 555 1414 629"><b>Addition of Annex G – Guidelines on Non Face-to-Face Identity Verification</b></p>

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## 1 Introduction

1.1 All regulated dealers in the precious stones and precious metals dealers (“PSMD”) sector are subject to regulatory requirements<sup>1</sup> under the following laws:

- The Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act 2019 (“PSPM Act”), which establishes the regulatory regime for PSMDs in Singapore, and defines the scope of regulated dealing.
- The Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Regulations 2019 (“PMLTF Regulations”), which sets out the specific requirements for regulated dealers.

1.2 The Guidelines provide guidance to all regulated dealers on their obligations under the PSPM Act and PMLTF Regulations and should be read in conjunction with the PSPM Act and PMLTF Regulations.

1.3 The Guidelines are not exhaustive and may be amended from time to time. Regulated dealers are advised to refer to the latest version on the Ministry of Law website at <https://acd.mlaw.gov.sg> and the frequently asked questions at <https://va.ecitizen.gov.sg/cfp/customerPages/mlaw/explorefaq.aspx>.

## 2 Definition of Terms Used in Guidelines

2.1 The following table summarises some key terms used in the Guidelines. Please refer to the PSPM Act and the PMLTF Regulations for the full definition of these terms.

Term	Definition
<b>Asset-backed token</b>	Any instrument backed by one or more precious stone, precious metal or precious product which entitles the holder to the precious stone, precious metal or precious product.  Securities, derivatives contracts and commodity contracts are not asset-backed tokens.

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<sup>1</sup> Regulated dealers are also subject to other laws (e.g. Terrorism (Suppression of Financing) Act, United Nations Act and Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act).

Term	Definition
<b>Beneficial owner</b>	<p>Refers to an individual:</p> <ul style="list-style-type: none"> <li>i. who ultimately owns or controls the entity or legal arrangement;</li> <li>ii. who exercises ultimate effective control over the entity or legal arrangement; or</li> <li>iii. on whose behalf an entity or legal arrangement conducts any transaction with the regulated dealer.</li> </ul> <p>For example, if a representative from a company purchases S\$30,000 worth of jewellery in cash, the company representative is not the beneficial owner (“BO”). The BO is the individual who has ultimate effective control over the company.</p>
<b>Cash equivalent</b>	<p>Refers to:</p> <ul style="list-style-type: none"> <li>i. cash cheque or traveller’s cheque;</li> <li>ii. a payment account that contains e-money;</li> <li>iii. a voucher (whether in physical or electronic form) the redemption of which in accordance with its terms entitles the holder to receive goods or services up to the value stated on or recorded in or in respect of the voucher, whether such value is in terms that are monetary or non-monetary;</li> <li>iv. a token, stamp, coupon or other article (whether in physical or electronic form) the redemption of which in accordance with its terms entitles the holder to receive any precious stone, precious metal or precious product up to the value stated on or recorded in or in respect of the token, stamp, coupon, or other article;</li> <li>v. any negotiable instrument that is in bearer form, indorsed without any restriction, made out to a fictitious payee or otherwise in such form that title thereto passes upon delivery and includes a negotiable instrument that has been signed but with the payee’s name omitted.</li> </ul> <p>As a guiding principle, a payment mode would be considered cash equivalent if it allows anonymity and the identity of the payer cannot be traced (e.g. cash cheques, stored value cards, EZ-link cards, cash vouchers).</p>
<b>Compliance officer</b>	<p>A management-level employee or owner of the regulated dealer who is tasked to be in charge of all anti-money laundering/countering the financing of terrorism (“AML/CFT”) matters within the entity or organisation. Sole proprietors can be the compliance officer.</p>

Term	Definition
<b>Customer</b>	Refers to a person (whether a natural person or legal person) whom the regulated dealer enters or intends to enter into a transaction with.
<b>Digital Payment Token</b>	<p data-bbox="464 356 1390 427">Refers to “digital payment token” in section 2(1) of Payment Services Act 2019:</p> <p data-bbox="464 472 1390 544">Any digital representation of value (other than an excluded digital representation of value) that —</p> <ul style="list-style-type: none"> <li data-bbox="512 551 847 584">a) is expressed as a unit;</li> <li data-bbox="512 591 1390 663">b) is not denominated in any currency, and is not pegged by its issuer to any currency;</li> <li data-bbox="512 669 1390 786">c) is, or is intended to be, a medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt;</li> <li data-bbox="512 792 1278 826">d) can be transferred, stored or traded electronically; and</li> <li data-bbox="512 833 1390 904">e) satisfies such other characteristics as the Authority may prescribe.</li> </ul>
<b>Designated transaction</b>	<p data-bbox="464 943 1390 976">Refers to a transaction conducted wholly or partly in Singapore where:</p> <ul style="list-style-type: none"> <li data-bbox="512 983 1390 1099">- the dealer sells a precious stone, precious metal or precious product and receives payment in cash or a cash equivalent exceeding S\$20,000 in total value.</li> <li data-bbox="512 1106 1390 1256">- the dealer buys a precious stone, precious metal or precious product from a customer (who is not a regulated dealer) and pays the customer in cash or cash equivalent exceeding S\$20,000 in total value.</li> </ul> <p data-bbox="464 1301 1390 1451">There could be instances where a customer/ BO conducts multiple small transactions (less than S\$20,000 per transaction) within the same day. However, if the total value of all transactions exceeds S\$20,000, these transactions are considered as a designated transaction.</p>
<b>E-money</b>	<p data-bbox="464 1498 1326 1532">Refers to “e-money” in section 2(1) of Payment Services Act 2019:</p> <p data-bbox="464 1576 1086 1610">Any electronically stored monetary value that —</p> <ul style="list-style-type: none"> <li data-bbox="512 1617 1390 1688">a) is denominated in any currency, or pegged by its issuer to any currency;</li> <li data-bbox="512 1695 1390 1767">b) has been paid for in advance to enable the making of payment transactions through the use of a payment account;</li> <li data-bbox="512 1774 1198 1807">c) is accepted by a person other than its issuer; and</li> <li data-bbox="512 1814 975 1848">d) represents a claim on its issuer.</li> </ul>
<b>Form NP 784</b>	Refers to the Cash Transaction Report (“CTR”) set out by the Suspicious Transaction Reporting Office (“STRO”) which is filed electronically.

Term	Definition
<b>Family member</b>	Refers to a parent, step-parent, child, step-child, adopted child, spouse, sibling, step-sibling and adopted sibling.
<b>Key personnel</b>	Refers to an individual who is: <ul style="list-style-type: none"> <li>i. a substantial shareholder (owns more than 5% of the shares of the registered dealer that is a company)</li> <li>ii. a director, manager, partner, secretary or other person holding an analogous position involved in the management of the regulated dealer</li> <li>iii. an employee managing the regulated dealer’s place of business.</li> </ul>
<b>Legal person</b>	Refers to a legal entity or legal arrangement.
<b>Net Price</b>	<p>Net price in relation to any precious stone, precious metal, precious product or asset-backed token sold by a regulated dealer, refers to the list price of the precious stone, precious metal, precious product or asset-backed token;</p> <p>Deducting any discount or rebate which the regulated dealer proposes to give to the customer in connection with the sale of the precious stone, precious metal, precious product or asset-backed token;</p> <p>Including (i) any tax charged on the sale of the precious stone, precious metal, precious product or asset-backed token; and (ii) any fee or charge imposed by the regulated dealer in connection with the sale of the precious stone, precious metal, precious product or asset-backed token.</p>
<b>Politically-exposed person and their close associates</b>	<p>Politically-exposed person (“PEP”) refers to an individual who is, or has been entrusted with any prominent public function in:</p> <ul style="list-style-type: none"> <li>i. Singapore;</li> <li>ii. a foreign country or territory; or</li> <li>iii. an international organisation.</li> </ul> <p>Due to their position and influence, family members and close associates of PEPs should be subject to enhanced customer due diligence (“ECDD”) measures because of the potential for abuse of the relationship for the purpose of moving the proceeds of crime, or facilitating their placement and disguise, as well as for terrorism financing purposes.</p>

Term	Definition								
<b>Politically-exposed person and their close associates</b> (cont'd)	<p>Close associate refers to individuals who are closely connected to a PEP, either socially or professionally. They usually refer to a:</p> <ol style="list-style-type: none"> <li>i. partner of the PEP;</li> <li>ii. person accustomed to act in accordance with the directions of the PEP;</li> <li>iii. person who has influence over a PEP; or</li> <li>iv. person who has an agreement with a PEP to act together.</li> </ol>								
<b>Precious stone</b>	<p>Refers to diamonds, sapphires, rubies, emeralds, jade (including nephrite and jadeite), and pearls.</p> <p>This includes only loose stones, which are not affixed to a finished product and do not fall under the definition of precious products.</p> <p>Examples:</p> <table border="1" data-bbox="464 860 1398 1025"> <thead> <tr> <th data-bbox="464 860 932 898">Precious stone</th> <th data-bbox="932 860 1398 898">Precious product</th> </tr> </thead> <tbody> <tr> <td data-bbox="464 898 932 936">- Loose ruby</td> <td data-bbox="932 898 1398 936">- Diamond set in a ring</td> </tr> <tr> <td data-bbox="464 936 932 974">- Loose synthetic sapphire</td> <td data-bbox="932 936 1398 974">- Jade bangle</td> </tr> <tr> <td data-bbox="464 974 932 1025">- Loose jade</td> <td></td> </tr> </tbody> </table>	Precious stone	Precious product	- Loose ruby	- Diamond set in a ring	- Loose synthetic sapphire	- Jade bangle	- Loose jade	
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- Loose synthetic sapphire	- Jade bangle								
- Loose jade									
<b>Precious metal</b>	<p>Refers to gold, silver, platinum, iridium, osmium, palladium, rhodium, ruthenium, or an alloy with at least 2% in weight in any of the aforementioned metals.</p> <p>This includes only the above metals which are not in the form that falls under the definition of precious products.</p> <p>Examples:</p> <table border="1" data-bbox="464 1384 1398 1854"> <thead> <tr> <th data-bbox="464 1384 932 1422">Precious metal</th> <th data-bbox="932 1384 1398 1422">Precious product</th> </tr> </thead> <tbody> <tr> <td data-bbox="464 1422 932 1541">- Gold ingot with the manufacturer stamp or imprint</td> <td data-bbox="932 1422 1398 1585">- 999 gold ingot with carvings or engravings other than manufacturer stamp or imprint.</td> </tr> <tr> <td data-bbox="464 1541 932 1659">- Silver coin with the manufacturer stamp or imprint</td> <td data-bbox="932 1585 1398 1727">- Customised silver coin stamped with corporate customer's company logo/brand on it</td> </tr> <tr> <td data-bbox="464 1659 932 1854">- Ore and concentrates with at least 2% of weight in any of the aforementioned metals.</td> <td data-bbox="932 1727 1398 1854">- 999 gold coin shaped into a pendent or bracelet charm</td> </tr> </tbody> </table>	Precious metal	Precious product	- Gold ingot with the manufacturer stamp or imprint	- 999 gold ingot with carvings or engravings other than manufacturer stamp or imprint.	- Silver coin with the manufacturer stamp or imprint	- Customised silver coin stamped with corporate customer's company logo/brand on it	- Ore and concentrates with at least 2% of weight in any of the aforementioned metals.	- 999 gold coin shaped into a pendent or bracelet charm
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Term	Definition
<b>Precious product</b>	<p>Refers to any finished product (e.g. jewellery, watch, apparel, accessory or ornament) that derives 50% or more of its value from any precious stone and/or precious metal making up, contained in, or attached to that product.</p> <p>An item is considered a "precious product" if at least 50% of its transacted price is due to the precious stone or precious metal (or both) making up, contained in or attached to the product. The transacted price should take into account any discounts given in the course of ordinary business operations.</p> <p>The following are excluded from the definition of precious products:</p> <ul style="list-style-type: none"> <li>i. Any machinery, tool or equipment used for industrial purposes;</li> <li>ii. Any medical device within the meaning given by item 1 of the First Schedule to the Health Products Act.</li> </ul>
<b>Prominent public function</b>	<p>Includes the role held by a head of state, a head of government, a government minister, a senior public servant, a senior judicial or military official, a senior executive of a state-owned corporation, a member of the legislature, a senior official of a political party, or a member of the senior management of an international organisation.</p>
<b>Registrar</b>	<p>Refers to the Registrar of Regulated Dealers appointed under section 4(1) of the PSPM Act. The Registrar is responsible for the administration of the PSPM Act.</p>
<b>Regulated dealer</b>	<p>Refers to a person who carries on a business of regulated dealing or business as an intermediary for regulated dealing.</p>
<b>Regulated dealing</b>	<p>Refers to doing any of the following:</p> <ul style="list-style-type: none"> <li>i. manufacturing any precious stone, precious metal or precious product;</li> <li>ii. importing or possessing for sale any precious stone, precious metal or precious product;</li> <li>iii. selling or offering for sale any precious stone, precious metal or precious product;</li> <li>iv. selling or redeeming asset-backed tokens;</li> <li>v. purchasing any precious stone, precious metal or precious product for the purposes of resale.</li> </ul>
<b>Substantial shareholder</b>	<p>Includes any shareholder that owns at least 5% of all voting shares in the company (refer to definition under section 81 of the Companies Act).</p>

2.2 The following table summarises the abbreviations used in the Guidelines.

<b>Abbreviations</b>	<b>Definition</b>
ACD	Anti-Money Laundering/Countering the Financing of Terrorism Division
ACRA	Accounting and Corporate Regulatory Authority
AML/CFT	Anti-money laundering/countering the financing of terrorism
BO	Beneficial owner
CDD	Customer due diligence
CDSA	Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act
CTR	Cash transaction report
DPRK	Democratic People's Republic of Korea
ECDD	Enhanced customer due diligence
FATF	Financial Action Task Force
IMC-TD	Inter-Ministry Committee on Terrorist Designation
IPPC	Internal policies, procedures and controls
MAS	Monetary Authority of Singapore
MHA	Ministry of Home Affairs
ML	Money laundering
NRIC	National Registration Identity Card
PDPA	Personal Data Protection Act
PDPC	Personal Data Protection Commission
PEP	Politically-exposed person
PF	Proliferation Financing
PMLTF Regulations	Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Regulations 2019
PSMD	Precious stones and precious metals dealers
PSPM Act	Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act 2019
PSPM	Precious stones, precious metals, precious products and/or asset-backed tokens
SCDD	Simplified customer due diligence
SONAR	STRO Online Notices and Reporting platform
STR	Suspicious transaction report
STRO	Suspicious Transaction Reporting Office
TF	Terrorism financing
TSOFA	Terrorism (Suppression of Financing) Act
UN Act	United Nations Act
UN Regulations	United Nations Regulations

### 3 Money Laundering, Terrorism Financing and Proliferation Financing

#### 3.1 What is Money Laundering (“ML”)

3.1.1 ML is a process to enable criminals to obscure the proceeds of their crime and make them appear to originate from legitimate sources. Singapore’s primary legislation to combat ML is the CDSA. Regulated dealers should refer to <http://sso.agc.gov.sg/Act/> for more information on the CDSA.

3.1.2 There are 3 stages involved in ML:

- a. **Placement** – Placement occurs when the proceeds from illegal activities are first introduced into the economy and financial system. This could be done by breaking up large amounts of cash into less conspicuous smaller sums and depositing them into a bank account; or by purchasing a series of monetary instruments (cheques, money orders, etc.) that are collected and deposited into other accounts. For example, multiple small PSPM purchases (below S\$20,000) could be made instead of one single large transaction, which may attract reporting obligations by PSPM sellers.
- b. **Layering** – Layering refers to separating illicit proceeds from their source by creating layers of transactions designed to disguise the source of money and to subvert the audit trail. The funds might be channelled through the purchase and sale of high-value products or services (diamonds, jewellery, gold bars, etc.), or be wired through multiple bank accounts. For example, a money launderer could attempt to avoid detection by using third party cheques to purchase PSPM.
- c. **Integration** – Integration means placing the laundered funds back into the economy and financial system with the appearance of being legitimate funds. For example, cash obtained from the sale of high-value products are banked into accounts or are used to buy luxury assets such as jewellery or real estate.

#### 3.2 What is Terrorism Financing (“TF”)

3.2.1 TF is the act of providing funds to terrorists to carry out acts of terrorism. Terrorism seeks to influence, compel, or intimidate governments or the general public through threats, violence, or damage to property. The TSOFA was enacted in Singapore to combat this threat. Regulated dealers may refer to the IMC-TD website (<https://www.mha.gov.sg/what-we-do/managing-security-threats/countering-the-financing-of-terrorism>) for more information.

3.2.2 Such funds may be legitimate funds (e.g. business or charity funds, self-funding by individuals) or illegitimate funds (e.g. from extortion or drug trafficking). As the sums used to finance individual acts of terrorism may not always involve large sums of monies, TF can be hard to detect. The methods used, particularly by terrorist



organisations, to raise, move, or conceal funds for their activities can be similar to those used by criminal organisations to launder their funds.

### 3.3 What is Proliferation Financing (“PF”)

3.3.1 PF refers to the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons (i.e., weapons of mass destruction) and their means of delivery and related materials (including both technologies and dual use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations.

3.3.2 Singapore implements the United Nations Security Council Resolutions (“UNSCR”) which prohibit specified transactions, such as the export of luxury goods, with individuals and entities designated as being involved in the proliferation of weapons of mass destruction and its financing. The relevant information and full listings of persons designated by UNSCRs can be found on the UN website<sup>2</sup>.

3.3.3 Regulated dealers should remain vigilant to the risks of conducting transactions or establishing business relationships with representatives, nominees or companies, including front or shell companies, which are used to circumvent the UNSCRs.

### 3.4 The Three Lines of Defence

3.4.1 Each regulated dealer is reminded that the ultimate responsibility and accountability for ensuring compliance with AML/CFT laws, regulations and notices rests with its directors and senior management.

3.4.2 The regulated dealer’s directors and senior management are responsible for ensuring strong governance and sound AML/CFT risk management and controls. While certain responsibilities can be delegated to AML/CFT employees, final responsibility rests with the regulated dealer’s directors and senior management. The directors and senior management should set a clear risk appetite and ensure a compliance culture where financial crime is not acceptable.

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<sup>2</sup> Pursuant to the UN Act, the regulated dealer should ensure that their AML/CFT measures are in compliance with the relevant UN Regulations on Iran and DPRK. These regulations prohibit the provision of services, supplies and material to prohibited entities linked to proliferation financing activities. Please see: <https://www.un.org/securitycouncil/sanctions/1718/materials> and <https://www.un.org/securitycouncil/content/2231/list>.

The list of designated individuals and entities on the above lists are also on MAS’ website on targeted financial sanctions: <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>

3.4.3 Customer facing employees constitute the first line of defence in charge of identifying, assessing and controlling the ML/TF risks of their business. The second line of defence includes the AML/CFT compliance function, as well as other support functions such as operations, which work together with the AML/CFT function to identify ML/TF risks when they process transactions. The third line of defence is the regulated dealer's internal audit function. The regulated dealer should communicate its IPPC to their employees and train them adequately so that they are aware of their obligations and guidance on how to ensure the regulated dealer's compliance with prevailing AML/CFT laws, regulations and notices.

## **4 Risk Assessment**

### **4.1 Risk-Based Approach**

4.1.1 The purpose of the AML/CFT regulatory and supervisory regime is to manage and effectively mitigate the ML/TF risks faced by regulated dealers.

4.1.2 The regulated dealer is required to assess the ML/TF risks faced by its business and adopt a risk-based approach to address these risks. A risk-based approach requires the regulated dealer to ensure that programmes and measures to manage and mitigate ML/TF risks are commensurate with the level of ML/TF risks identified.

4.1.3 Under the risk-based approach, the regulated dealer must:

- a. identify, assess and understand the ML/TF risk in their business; and
- b. take reasonable steps to manage and mitigate those ML/TF risks.

### **4.2 How to Perform Risk Assessment**

4.2.1 The regulated dealer must consider all relevant risk factors in its risk assessment before determining the overall level of ML/TF risks and the appropriate type and extent of measures to be applied.

4.2.2 The regulated dealer must take appropriate steps to identify, assess and understand the ML/TF risks in relation to:

- a. the profile<sup>3</sup> of its customers,
- b. the customers' country or territory of origin;
- c. the countries or territories where the regulated dealer has operations; and
- d. the following aspects of the regulated dealer's business:

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<sup>3</sup> As part of profile checks, regulated dealers can refer to the MAS website to check if the customer is on the sanctions lists of designated individuals and entities (<https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>).

- i. The product nature of the PSPMs (e.g. value, liquidity or source);
  - ii. The services provided (e.g. retail, wholesale, manufacture or import);
  - iii. The mode and value of transactions (e.g. cash, in-kind payments, bank transfer, credit card, virtual currencies or digital payment tokens); and
  - iv. Delivery channels (e.g. over-the-counter, courier or delivery of PSPMs to a foreign country or territory).
- 4.2.3 The regulated dealer must document its risk assessment and ensure that the risk assessment is kept up to date.
- 4.2.4 The regulated dealer must be able to provide the risk assessment and relevant documentation to the Registrar upon request.
- 4.2.5 Regulated dealers can refer to [Annex A](#) for a guide on how to perform the ML/TF risk assessment.

## **5 Programmes and Measures to Prevent Money Laundering and Terrorism Financing**

### **5.1 Importance of AML/CFT Governance**

- 5.1.1 The commitment, participation and authority of owners and controlling persons (directors and senior management) is important to a sound AML/CFT risk management framework. The directors and senior management of the regulated dealer should ensure that the risk mitigating measures adopted are adequate, robust, and effective. The successful implementation of a risk-based approach to AML/CFT is dependent on the employees having a good understanding of the ML/TF risks the regulated dealer is exposed to.
- 5.1.2 The directors and senior management of the regulated dealer should understand the ML/TF risks the regulated dealer is exposed to and how the regulated dealer's AML/CFT control framework operates to mitigate those risks. This should involve the directors and senior management:
- a. receiving sufficient information to form an accurate picture of the ML/TF risks, including emerging or new ML/TF risks;
  - b. receiving sufficient and objective information to assess whether the regulated dealer's AML/CFT controls are adequate and effective;
  - c. receiving information on legal and regulatory developments and the impact these have on the regulated dealer's AML/CFT framework; and

- d. ensuring that processes are in place to escalate important decisions that directly impact the ability of the regulated dealer to manage and mitigate ML/TF risks, especially where AML/CFT controls are assessed to be inadequate or ineffective.

## 5.2 Internal Policies, Procedures and Controls (“IPPC”)

5.2.1 The regulated dealer must have appropriate programmes in place to prevent ML, TF and PF. Such programmes must include an IPPC to manage and effectively mitigate ML/TF risks. The IPPC should be communicated clearly to the employees for them to implement it.

5.2.2 The regulated dealer must develop and implement its IPPC, which must be approved by its senior management, including:

- a. making appropriate compliance management arrangements, including the appointment of a compliance officer at the management level; and
- b. applying adequate screening procedures when hiring employees.

5.2.3 The directors and senior management are responsible for ensuring that the regulated dealer:

- a. takes enhanced measures to manage and mitigate the risk of ML/TF where higher risks are identified;
- b. has an ongoing programme to train employees on the IPPC; and
- c. implements the IPPC and enhances it if necessary.

5.2.4 The IPPC developed should at least cover the following areas:

- a. Assessment of risks faced by your business;
- b. Appointment of compliance officer and his/her responsibilities;
- c. Checks to conduct when hiring employees;
- d. Procedure to perform CDD;
- e. Procedure to file a CTR;
- f. Procedure to perform ECDD;
- g. Procedure to file an STR;

- h. Staff training on AML/CFT; and
  - i. Record keeping.
- 5.2.5 Before launching a new product or a new business practice (a new product line, a new medium of transaction, delivery mechanism, a new business outlet at a new location, etc.) or before using a new or developing technology for any new or existing product, the regulated dealer must:
- a. identify and assess the ML/TF risks that may arise in relation to the new product, business practice or technology; and
  - b. take appropriate measures to manage and mitigate such risks.
- 5.2.6 Regulated dealers who carry out or intend to enter into a designated transaction should have an independent audit function to test the IPPC. For example, the auditing unit or staff must be adequately independent of the business arm and not be involved in the establishment, implementation or maintenance of the AML/CFT programme.
- 5.2.7 Regulated dealers can refer to [Annex B](#) for a sample IPPC document which regulated dealers may consider adopting. However, the regulated dealers should adapt the IPPC to suit their business context and ensure that the IPPC developed meets the requirements of the PSPM Act and PMLTF Regulations.

### 5.3 Group Policy for Branches and Subsidiaries

- 5.3.1 A regulated dealer with one or more branches or subsidiaries (whether located or incorporated in Singapore or in a foreign country or for territory), must implement a group policy consistent with the internal controls and measures in section 5.2 for preventing ML and TF; and for managing and mitigating the risk of ML and TF, that apply to, and are appropriate for:
- (a) every such branch; and
  - (b) every such subsidiary where more than 50% of the shares or other equity interests are owned by the regulated dealer.
- 5.3.2 If the regulated dealer has a branch or subsidiary in a foreign country or territory having laws for the prevention of ML or TF that differs from Singapore, the more stringent law must be applied to that branch or subsidiary, to the extent that the law of the foreign country or territory permits. The regulated dealer must report to the Registrar if the more stringent law cannot be fully applied to the branch or subsidiary and:
- a. perform appropriate additional measures to manage the ML and TF risks; and
  - b. comply with any directions given by the Registrar.

5.3.3 For purpose of conducting customer due diligence or managing the risk of ML and TF, the group policy should contain measures to share information among the branches and subsidiaries, if there are adequate safeguards to protect confidentiality and use of information that is shared and to the extent permitted by the law of the foreign country or territory that the dealer's branch or subsidiary is in.

## 6. Customer Due Diligence ("CDD")

CDD refers to the process of obtaining the customers' identifying information and verifying who they are before transacting with them. This helps regulated dealers determine the ML/TF risks and take mitigating measures to address them.

There are three levels of customer due diligence - CDD, ECDD and SCDD to provide for the risk-based customisation of the CDD measures. Thus, in situations where PEPs may be involved, or in other situations where there is higher risk of ML/TF, the regulated dealer is required to undertake ECDD measures in paragraph 7, in addition to the CDD measures in paragraph 6. Conversely, paragraph 8 on SCDD allows regulated dealers to apply a lower level of CDD, provided the conditions for SCDD are met. Regulated dealers may refer to [Annex C](#) for a guide on when to perform CDD and ECDD.

### 6.1 When to Perform CDD

6.1.1 The regulated dealer must perform CDD under the following circumstances:

- a. Before entering into a designated transaction;
- b. When there is suspicion of ML/TF;
- c. When there are doubts about the accuracy or adequacy of previously obtained customer identification data. (e.g. if the customer's behaviour does not match what the regulated dealer knows of the customer based on previous interactions with him);
- d. Under circumstances that are prescribed;
- e. Before entering into a transaction involving payment in gold (except in the form of jewellery) exceeding S\$20,000; or
- f. Before entering into a transaction involving payment in digital payment tokens exceeding S\$20,000.

6.1.2 Regulated dealers can also refer to [Annex D](#) for a list of red flag indicators to look out for when conducting transactions with customers and/or suppliers.

## 6.2 Requirements of CDD

6.2.1 This paragraph sets out the CDD components to be applied. As part of the CDD process, the regulated dealer must:

- a. obtain, verify and record the customer's identifying information through independent and credible sources.
  - i. For individuals, this can be done by verifying the customer's identity card, passport or other government-issued identity document (which should bear the photograph of the customer).
  - ii. For legal entities (e.g. customers who are businesses), this can be done by verifying the information listed in paragraphs 6.3.3 to 6.3.6.
- b. ask if the customer<sup>4</sup> is the owner of the cash or cash equivalent which he is paying with to purchase the PSPM. If he is not, the regulated dealer is required to take reasonable measures to verify the owner's identity using reliable and independent sources. **If the owner is an entity or a legal arrangement, this can be done by verifying the information listed in paragraphs 6.3.3 to 6.3.6.**
- c. ask if the customer is the owner of the PSPM and/or asset-backed token which he is selling to the regulated dealer. If he is not, the regulated dealer is required to take reasonable measures to verify the owner's identity using reliable and independent sources. **If the owner is an entity or a legal arrangement, this can be done by verifying the information listed in paragraphs 6.3.3 to 6.3.6.**
- d. ascertain whether the customer is acting on behalf of any other person, and if so:
  - i. obtain appropriate documentary evidence to verify that the customer is authorised to act on behalf of that other person;
  - ii. if that other person is an **individual**, identify and take reasonable measures to **verify the identity of that individual** using reliable and independent sources; and
  - iii. if that other person is an entity or a legal arrangement, perform the required CDD measures **on that entity or legal arrangement.**
- e. **ascertain whether any person is acting on behalf of the customer, e.g. representative, carrier, agent, in relation to and for the purpose of the designated transaction or other prescribed transactions, and if so:**
  - i. **obtain appropriate documentary evidence to verify that that other person is authorised to act on behalf of the customer;**

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<sup>4</sup> Customer includes representative or carrier who acts on behalf of another natural person or legal person.

ii. if that other person is an individual, identify and take reasonable measures to verify the identity of that individual, using reliable and independent sources; and

iii. if that other person is an entity or a legal arrangement, perform the customer due diligence measures on that entity or legal arrangement.

### 6.3 How to Perform CDD

#### *Identifying information to be obtained*

6.3.1 These are the identifying information to obtain from customers:

<b>Records of identifying information to be maintained</b>	
<b>Individual</b>	<b>Legal person (e.g. company, partnership, trust)</b>
<ul style="list-style-type: none"> <li>• Full name, including any alias</li> <li>• Date of birth</li> <li>• Residential address</li> <li>• Contact numbers and other forms of contact information (e.g. email) where appropriate</li> <li>• Citizenship (including multiple citizenships, where applicable)</li> <li>• Identification number and its date of expiry (if applicable), to be verified against government-issued identity documents (with photograph). For example:               <ul style="list-style-type: none"> <li>○ NRIC number</li> <li>○ Passport number</li> <li>○ Taxpayer identification number</li> <li>○ Work permit number</li> </ul> </li> <li>• Occupation</li> </ul>	<ul style="list-style-type: none"> <li>• Full name<sup>5</sup></li> <li>• The date of incorporation or registration</li> <li>• Registered office address and principal place of business (if different)</li> <li>• Telephone number and other contact information (e.g. email) where appropriate</li> <li>• The place of incorporation or registration</li> <li>• The business registration number or the unique number and its date of expiry (if applicable) indicated on any other document issued by any government agency certifying its incorporation, registration or existence.</li> <li>• Nature of business</li> </ul>

<sup>5</sup> As registered with ACRA, under the Business Names Registration Act.



### Verifying customer's identity

- 6.3.2 Where the customer is **an individual**, the regulated dealer must obtain the name, unique identification number, date of birth and citizenship based on a valid government-issued identity document that contains a clear photograph of that customer (e.g. valid passport, national identity card or work pass).
- 6.3.3 If the regulated dealer is transacting with **a customer who is an entity or a legal arrangement (known as a legal person), or who is an individual** acting on behalf of a legal person, the regulated dealer must identify and verify the identity of the legal person, and through the process, understand the nature of business and control structure of the legal person, by obtaining the following information **from reliable and independent sources**:
- a. The name of the legal person;
  - b. The legal form of the legal person;
  - c. Proof of the legal person's existence (e.g. ACRA BizFile search);
  - d. The place under which the legal person is incorporated, registered or otherwise constituted;
  - e. **The documents that constitute, regulate and bind the legal person being the following or their equivalent;**
    - i. **in the case of a body corporate, the constitution, or the memorandum and articles of association, of the body corporate;**
    - ii. **in the case of a partnership or limited partnership, the partnership deed or agreement;**
    - iii. **in the case of an express trust, the trust deed of the trust;**
    - iv. **in the case of a society or an unincorporated association, the rules of the society or unincorporated association;**
    - v. **in the case of any other entity or legal arrangement, the instrument or document that constitutes or establishes the entity or legal arrangement.**
  - f. Its unique entity number ("UEN"), if the legal person is incorporated or registered in Singapore;
  - g. Its foreign incorporation or registration number, if the legal person is incorporated or registered outside Singapore;
  - h. The identity of each individual having a senior management position in the legal person, if the legal person is an entity; and
  - i. The address of the legal person's registered office or its principal place of business.

## *CDD measures to identify the BOs of legal persons*

**6.3.4** Where the legal person is an entity (e.g. a corporate), the regulated dealer must identify the BO. The regulated dealer must take reasonable measures to obtain and verify the identifying information of each BO listed below, **from reliable and independent sources**:

- b. the individuals who have the ultimate controlling ownership interest of the legal entity;
- c. the individuals who exercise control of the legal entity when:
  - i. the regulated dealer is doubtful whether all or any of the individuals listed in paragraph 6.3.4(a) are its BOs; or
  - ii. there are no individuals exercising control of the legal entity.
- d. the individuals occupying senior management positions in the legal entity, if there are no individuals identified under paragraph 6.3.4(b)(i) and 6.3.4(b)(ii).

**6.3.5** Where the legal person is a legal arrangement that is a trust, the regulated dealer must identify the BO. The regulated dealer must take reasonable measures to obtain and verify the identifying information of each BO listed below:

- a. the settlor;
- b. the trustee(s);
- c. the protector (if any);
- d. each beneficiary or class of beneficiaries; and
- e. any other individuals exercising ultimate effective control over the trust.

**6.3.6** Where the legal person is a legal arrangement that is not a trust, the regulated dealer must identify the BO. The regulated dealer must take reasonable measures to identify the individuals in equivalent or similar positions mentioned in paragraph 6.3.5.

**6.3.7** Under regulation 6(2) of the PMLTF Regulations, where the customer is a legal person publicly listed on the Singapore Exchange, it is not necessary to identify and verify the identities of the BOs of the customer. This is because the legal person is subject to regulatory disclosure requirements relating to adequate transparency in respect of its BOs (imposed through stock exchange rules, law or other enforceable means).

**6.3.8** Similarly under regulation 6(2) of the PMLTF Regulations, the regulated dealer is not required to inquire if there exists any BOs in relation to a customer that is a financial

institution supervised by the MAS<sup>6</sup> for prevention of ML/TF or a foreign financial institution supervised for compliance with AML/CFT requirements consistent with the standards set by the FATF.

- 6.3.9 If the regulated dealer determines that it is dealing with an exempted entity in paragraphs 6.3.7 and 6.3.8, it must keep records to justify the basis for its determination and seek prior written approval of the Registrar to perform the simplified due diligence measures which it considers adequate to effectively identify and verify the identity of the customer, owner of cash or cash equivalent, owner of the precious stones, precious metals and precious product or asset-backed token, beneficial owner of an entity or a legal arrangement or any person on whose behalf the customer is acting, in any particular transaction.
- 6.3.10 Where a customer is one which falls within the exemption of regulation 6(2) of the PMLTF Regulations, this does not itself constitute an adequate analysis of low ML/TF risks for the purpose of performing SCDD measures under regulation 8 of the PMLTF Regulations.
- 6.3.11 Regulated dealers can refer to [Annex E](#) for sample CDD forms which provides guidance on the collection and verification of customer's particulars and customer name screening.

#### *Reliability of Information and Documentation*

- 6.3.12 When relying on documents, the regulated dealer should be aware that the best documents to use to verify the identity of the customer are those most difficult to obtain illicitly or to counterfeit. These may include government-issued identity cards or passports, SingPass App<sup>7</sup>, MyInfo<sup>8</sup> reports from independent company registries, published or audited annual reports and other reliable sources of information. The rigour of the verification process should be commensurate with the customer's risk profile.
- 6.3.13 Where the regulated dealer obtains data, documents or information from the customer, it should ensure that such data, documents or information is current at the time they are provided to the regulated dealer. The employee of the regulated dealer who verified the identifying information of the customer should ensure that

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<sup>6</sup> The financial institution must be listed within Appendix 1 of MAS Notice 626.

<sup>7</sup> The SingPass app installed and activated on the customer's mobile device is also considered a government-issued identity document bearing the photograph of a customer. Regulated dealers should view the electronic NRIC on the customer's Singpass app and retain a copy of the electronic NRIC sighted.

<sup>8</sup> Regulated dealers can use the MyInfo platform for CDD purposes of verifying the customer's identity, including name, identification number, date of birth, nationality and residential address. Regulated dealers that wish to use MyInfo for your business may wish to check on your eligibility to apply and submit your application via <https://www.singpass.gov.sg/myinfobusiness>. Regulated dealers should maintain proper records of data obtained from MyInfo. For the avoidance of doubt, regulated dealers should continue to subject customers who are not enrolled on MyInfo (e.g. non-Singapore residents) or who do not consent to the use of MyInfo to the existing CDD requirements.

the verification process is adequately documented (e.g., the employee signed and dated the copy of the passport or identification document sighted).

- 6.3.14 If the customer is unable to produce an original document, the regulated dealer may consider accepting a copy of the document that is certified to be a true copy by a suitably qualified person (e.g. a notary public, a lawyer or certified public or professional accountant).
- 6.3.15 Where a document is in a foreign language, appropriate steps should be taken by the regulated dealer to be reasonably satisfied that the document does in fact provide evidence of the customer's identity. The regulated dealer should ensure that any document that is critical for the performance of any measures required under the PMLTF Regulations is translated into English by a suitably qualified translator. Alternatively, the regulated dealer may rely on a translation of such a document by an employee who is conversant in that foreign language. This is to allow all employees of the regulated dealer involved in the performance of any measures required under the PMLTF Regulations to understand the contents of the documents, for effective determination and evaluation of ML/TF risks associated with the customer.
- 6.3.16 The regulated dealer must ensure that documents obtained for performing any measures required under the PMLTF Regulations are clear and legible. This is important for the establishment of a customer's identity, particularly in situations where business relations are established without face-to-face contact.
- 6.3.17 In general, the regulated dealer should exercise greater caution when dealing with an unfamiliar or new customer.

#### 6.4 Inability to Perform or Complete CDD Measures

- 6.4.1 The regulated dealer may choose not to perform or not to complete the required CDD measures if it has reason to:
- a. suspect that the designated transaction relates to ML/TF; and
  - b. believe that performing CDD will tip off the customer or any other person.
- 6.4.2 If the regulated dealer is unable to perform or complete any CDD, the regulated dealer must:
- a. not carry out any transaction with the customer;
  - b. terminate any transaction entered into with the customer;
  - c. consider whether to submit an STR under section 45(1) of the CDSA, and section 8 or 10 of the TSOFA. The STR is submitted via [SONAR](http://www.police.gov.sg/sonar) accessed via <http://www.police.gov.sg/sonar>; and

- d. keep records of the following information for a period of 5 years after the date on which the intended transaction took place:
  - i. Date of intended transaction;
  - ii. The amount of the intended transaction;
  - iii. Description of the PSPMs intended to be sold or purchased under the transaction;
  - iv. The address where the intended transaction was entered into or would have been entered into;
  - v. Basis of the regulated dealer's determination on whether to submit an STR;
  - vi. A copy of all supporting documents; and
  - vii. The name and designation of the individual who carried out the intended transaction on behalf of the regulated dealer.

*Customers to be screened against terrorist designations and financial sanctions lists*

6.4.3 The regulated dealer should screen their customers against these lists through the following (non-exhaustive) means. Where screening results in a positive hit against the listings for terrorist designation and designated individuals and entities, regulated dealers are reminded of their obligations to stop the transaction and report to the police.

- a. Refer to MHA's website on the IMC-TD on terrorist designation and legislation for countering the financing of terrorism. Regulated dealers should subscribe to the IMC-TD mailing list to receive listings on terrorist designation (persons and entities designated as terrorists).

<https://www.mha.gov.sg/what-we-do/managing-security-threats/countering-the-financing-of-terrorism>

- b. Refer to MAS' website on targeted financial sanctions under the UN Regulations for the lists of designated individuals and entities. Regulated dealers should subscribe to the MAS mailing list to receive updated lists of designated individuals and entities.

<https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>

6.4.4 The screening results and assessment by the regulated dealer should be documented.

## 7 Enhanced Customer Due Diligence (“ECDD”)

ECDD refers to the process where a higher level of customer due diligence is applied due to the higher ML/TF risk of the customer or transactions. This is performed in addition to the CDD measures in paragraph 6.

### 7.1 When to Perform ECDD

*PEP, family member or close associate of PEP*

7.1.1 The regulated dealer must perform ECDD where the customer, the person on whose behalf the customer is acting, or a BO of the customer (where the customer is a legal person) is a PEP, a family member or a close associate of a PEP. The definition of PEPs is drawn from FATF Recommendations and is not intended to cover middle ranking or more junior individuals in the categories listed. In the context of Singapore, PEPs include at least Government Ministers, Members of Parliament, Nominated Members of Parliament and Non-Constituency Members of Parliament.

7.1.2 When determining whether a person is a “close associate” of a PEP, the regulated dealer may consider factors such as the level of influence the PEP has on such a person or the extent of his exposure to the PEP. The regulated dealer may rely on information available from public sources and information obtained through customer interaction.

*Person (i) from foreign country or territory which FATF has called for countermeasures or ECDD measures; (ii) that Registrar has notified to present a high ML/TF risk*

7.1.3 The regulated dealer must perform ECDD if a customer, the person on whose behalf the customer is acting, or a BO of the customer (where the customer is a legal person):

- a. is a resident of or originates from a foreign country or territory<sup>9</sup> that the FATF has called for countermeasures or ECDD measures (refer to <https://www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html>); or
- b. is a person that the Registrar has notified the regulated dealer is a person that presents a high risk of ML/TF.

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<sup>9</sup> For example, a person who is a permanent resident of Singapore and a citizen of Iran should be assessed as higher ML/TF risk as he originates from a foreign country on the FATF high risk country list. Similarly, a person who is a citizen of Singapore and a permanent resident of Iran should also be assessed as higher ML/TF risk as he is a resident of a foreign country on the FATF high risk country list.

## *Customer or transaction assessed to present a high ML/TF risk*

- 7.1.4 Where the ML/TF risk of a customer, the person on whose behalf the customer is acting, or a BO of the customer (where the customer is a legal person) or the transaction entered into or about to be entered into is assessed to be high, the regulated dealer must conduct ECDD measures to mitigate and manage those risks.
- 7.1.5 For the purpose of assessing whether a customer or transaction presents high ML/TF risk, the regulated dealer must consider whether a customer, the person on whose behalf the customer is acting, or a BO of the customer (where the customer is a legal person)<sup>10</sup> is a resident of or originates from:
- a. a foreign country or territory that the FATF has placed under increased monitoring (<https://www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html>); or
  - b. a foreign country or territory which the Registrar has notified the regulated dealer to be a foreign country or territory with inadequate measures to prevent ML/TF.
- 7.1.6 Other factors which the regulated dealer should consider when assessing whether a customer or transaction presents high ML/TF risk include, but are not limited to:
- a. whether the customer, the person on whose behalf the customer is acting, or a BO of the customer (where the customer is a legal person) is from the higher risk businesses/ activities/ sectors identified in Singapore's National Risk Assessment<sup>11</sup> or by the regulated dealers;
  - b. whether the customer, the person on whose behalf the customer is acting, or a BO of the customer (where the customer is a legal person) is a resident or originates from a foreign country or territory which has relatively higher levels of corruption and organised crime, as identified by credible bodies (e.g. reputable international bodies such as Transparency International).

## 7.2 Requirements of ECDD

- 7.2.1 In addition to the CDD requirements in paragraph 6, the regulated dealer must perform the following ECDD measures:
- a. obtain prior approval from an employee holding a senior managerial or executive position in the regulated dealer before entering into a transaction

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<sup>10</sup> Regulated dealers are expected to assess the level of ML/TF risk presented by a customer or transaction in paragraph 7.1.5(a) and (b) as high and subject them to ECDD measures.

<sup>11</sup> Higher risk businesses identified in the Singapore National Risk Assessment include corporate service providers and gambling operations.

with a new higher risk customer, or before continuing a transaction with an existing higher risk customer;

- b. establish by reasonable means, the income level, source of wealth and source of funds of the higher risk customer. Where the customer is a legal person (refer to paragraph 6.3.3), establish the income level, source of wealth and source of funds of the BO or owners of the customer; and
- c. conduct enhanced ongoing monitoring of the transactions entered into with higher risk customers. This is to identify suspicious transactions, including transactions or patterns of transactions which are inconsistent with the customer's profile.

7.2.2 Source of wealth generally refers to the origin of the customer's and BO's entire body of wealth (i.e. total assets). This relates to how the customer and BO have acquired the wealth which is distinct from identifying the assets that they own. Source of wealth information should give an indication about the size of wealth the customer and BO would be expected to have, and how the customer and BO acquired the wealth. The regulated dealer may obtain general information from the customer, commercial databases or other open sources. Examples of appropriate and reasonable means of establishing source of wealth are information and documents such as evidence of title, copies of trust deeds, audited accounts, salary details, tax returns and bank statements.

7.2.3 Source of funds refers to the origin of the particular funds or other assets which are the subject of the transactions. In order to ensure that the funds are not proceeds of crime, the regulated dealer should not limit its source of funds inquiry to identifying the financial institution from which the funds have been transferred, but more importantly, the activity that generated the funds. The information obtained should be substantive and facilitate the establishment of the original source of the funds or reason for the funds having been acquired. Examples of appropriate and reasonable means of establishing source of funds are information such as salary payments or business income.

7.2.4 Regulated dealers may adopt further enhanced measures if they determine that such measures are more proportionate to the ML/TF risks faced. Such measures include but are not limited to:<sup>12</sup>

- a. obtaining additional information on the customer (e.g. occupation, volume of assets, information available through public databases, internet etc.) and more frequently updating the identification data of customer and BO; and
- b. obtaining information on the reasons for intended or performed transactions.

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<sup>12</sup> More examples may be found in paragraph 20 (Enhanced CDD measures) of Interpretative Note to Recommendation 10 (Customer Due Diligence) in the FATF Recommendations.



### 7.3 How to Perform ECDD

- 7.3.1 The regulated dealer should set out clear guidance in the IPPC on when ECDD measures have to be performed. The guidance should cover how to determine if the customer, the person on whose behalf the customer is acting, or a BO of that customer is a PEP, or from higher risk countries and territories, or if the transaction or customer is assessed to present high ML/TF risk as highlighted in paragraph 7.1 above.
- 7.3.2 The regulated dealer may consider referring to the following sources when conducting ECDD measures:
- a. use the internet and media as sources for determining, verifying and monitoring information;
  - b. access commercial screening databases to help identify the customer and to check against adverse news sources;
  - c. refer to the FATF guidance paper on dealing with PEPs. (<https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Fatfrecommendations/Peps-r12-r22.html>)
- 7.3.3 The regulated dealer should ensure that the ECDD measures taken are properly documented and supported.
- 7.3.4 Regulated dealers may refer to [Annex C](#) for a guide on when to perform CDD and ECDD.

## 8 **Simplified Customer Due Diligence (“SCDD”)**

SCDD refers to the process where a lower level of CDD is applied due to lower ML/TF risk. The steps involve performing adequate measures to identify and verify the customers.

### 8.1 When to Perform SCDD

- 8.1.1 SCDD is intended to cover a specific segment of customers who present a low ML/TF risk. Regulated dealers may, instead of performing CDD as described in paragraph 6, perform SCDD on a specific segment of low-risk customers if all of the following conditions are met:
- a. the regulated dealer has obtained the prior written approval of the Registrar to perform SCDD;
  - b. the regulated dealer complies with any conditions imposed by the Registrar in the written approval;

- c. the regulated dealer has assessed the risk of ML/TF to be low, based on an analysis of risk factors identified by the regulated dealer;
- d. the SCDD measures are appropriate and proportionate to the level of ML/TF risk identified by the regulated dealer; and
- e. the regulated dealer is not allowed to perform SCDD measures on customers where ECDD measures are required instead.

## 8.2 Requirements of SCDD

8.2.1 As part of the SCDD process, the regulated dealer must implement measures which it considers adequate to effectively identify and verify the identity of the following:

- a. customer;
- b. owner of the cash or cash equivalent;
- c. owner of the PSPM;
- d. BO of a legal person; or
- e. any person on whose behalf the customer is acting.

## 8.3 How to Perform SCDD

8.3.1 Where the regulated dealer decides to carry out SCDD measures, the regulated dealer must record:

- a. the details of the risk assessment that formed the basis for the decision; and
- b. the SCDD measures carried out.

## 9 **CDD on Existing Customers**

### 9.1 Responsibilities of the Regulated Dealer

9.1.1 When dealing with existing customers, the regulated dealer is allowed to use previously obtained information when performing CDD, ECDD or SCDD on the same customer. This is, however, subject to the regulated dealer's assessment of the materiality of the risk.

9.1.2 Where the regulated dealer decides to use previously obtained information on existing customers, the following should be taken into account:

- a. when the CDD measures (if any) were last applied to that customer; and

- b. whether the information previously obtained by the regulated dealer in relation to that customer is adequate.

## **10 Performance of CDD by Third Parties**

### **10.1 Responsibilities of the Regulated Dealer**

#### **10.1.1 Where the regulated dealer relies on a third party:**

- a. The regulated dealer remains ultimately responsible for compliance with the obligations to perform CDD measures and keep records under the PSPM Act.
- b. The regulated dealer must document the basis for its own opinion in paragraph 10.2.1(a) and obtain from the third party without delay all documents acquired by the third party from performing the CDD measures.

### **10.2 When Can Third Parties Be Relied Upon**

#### **10.2.1 The regulated dealer may rely on a third party to perform CDD, ECDD or SCDD measures provided that:**

- a. the regulated dealer must be satisfied that the third party's compliance to the prevention of ML/TF is consistent with the FATF requirements<sup>13</sup>, has adequate measures in place, and is willing and able to provide the regulated dealer, without delay, with documents obtained from the CDD measures;
- b. the third party is not precluded by the Registrar from acting as such;
- c. the regulated dealer takes appropriate steps to identify, assess and understand the ML/TF risks in the countries that the third party operates in (if applicable).

#### **10.2.2 Regulated dealers are not allowed to rely on a third party to conduct ongoing monitoring of transactions.**

## **11 Ongoing Monitoring of Transactions**

Ongoing monitoring of transactions refers to the process where the customer profile is reviewed on a periodic basis.

### **11.1 When to Perform Ongoing Monitoring**

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<sup>13</sup> The third-party must meet requirements which are consistent with the prevention of ML/TF standards set by FATF.

11.1.1 The regulated dealer must conduct ongoing monitoring of transactions for regular customers and for cases where the ML/TF risks are assessed to be high.

## 11.2 Requirements of Ongoing Monitoring

11.2.1 The regulated dealer must conduct ongoing monitoring of transactions by periodically reviewing the information and documents obtained as a result of the CDD measures. This is to ensure that transactions performed by its customers are consistent with the:

- a. regulated dealer's knowledge of the customer;
- b. customer's income and risk profile; and
- c. customer's source(s) of funds.

## 11.3 How to Perform Ongoing Monitoring

11.3.1 The regulated dealer must periodically review the adequacy of information and documents obtained as a result of the CDD measures. This is particularly so if the customer is assessed to have higher ML/TF risk and hence, the importance to ensure that the information is kept current. For example, the regulated dealer could regularly review the CDD records of higher-risk customers who transact large amounts of cash on a more frequent basis.

## 12 **Disclosure of Information**

### 12.1 Submitting a Cash Transaction Report ("CTR")

12.1.1 A regulated dealer which enters into any designated transaction must submit a CTR to STRO within 15 business days<sup>14</sup>. The CTR (completed using Form NP 784 found at [www.police.gov.sg](http://www.police.gov.sg)) should be submitted electronically via [SONAR](#). Regulated dealers may refer to the instructions on the [SONAR](#) website on how to file a CTR.

### 12.2 Submitting a Suspicious Transaction Report ("STR")

12.2.1 If there are suspicions that ML/TF activities are committed, the regulated dealer is required to submit an STR to STRO as soon as possible. The STR should be filed electronically via [SONAR](#). Regulated dealers may refer to the instructions on the [SONAR](#) website on how to file an STR.

12.2.2 The regulated dealer must also submit an STR to STRO as soon as possible if there is reason to suspect that the customer, a person on whose behalf the customer is

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<sup>14</sup> Business day means a day other than a Saturday, Sunday or public holiday.

acting or a BO of that person, may be a terrorist, terrorist entity or designated person.

### 12.3 Transaction Reporting to Registrar

12.3.1 The regulated dealer is required to submit a copy of the CTR and/or STR to the Registrar. To facilitate compliance with this requirement, a copy of each CTR and/or STR submitted through [SONAR](#) will be automatically routed to the Registrar. No separate action will be needed from the regulated dealer.

### 12.4 Tipping-off and Confidentiality

12.4.1 Regulated dealers are reminded that it is an offence<sup>15</sup> to disclose the fact that an STR was filed.

12.4.2 Under section 47 of the CDSA, the regulated dealer's disclosure will be kept confidential to protect the identity of the STR informer. Under section 10A of the TSOFA, the regulated dealer's disclosure would be kept confidential to protect the identity of the informer.

12.4.3 While the Registrar is unable to provide legal advice for specific situations, there is statutory protection accorded to STR filers if they made the STR in good faith. Under section 45(7) of the CDSA, where a person files a STR in good faith, he shall not be liable for any loss arising out of the disclosure or any act of omission in consequence of the disclosure and "the disclosure is not to be treated as a breach of any restriction upon the disclosure imposed by law, contract or rules of professional conduct".

## 13 **Record Keeping**

### 13.1 Requirements of Record Keeping

13.1.1 The regulated dealer is required to keep relevant documents and information for a period of 5 years after the date of transaction. All records must be kept in such a manner as to permit a reconstruction of the individual transaction<sup>16</sup>.

13.1.2 For every designated transaction or other transaction (whether completed or not), the regulated dealer is required to keep records of the following information:

*For all customers*

- a. customer's identifying information;

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<sup>15</sup> Please note section 57 of the CDSA and section 10B of the TSOFA on tipping-off.

<sup>16</sup> The records should indicate the amount and type of currency involved.

- b. a copy of the supporting document that was relied upon for the customer's identifying information (e.g. NRIC, passport);
- c. whether the customer is the owner of the cash or cash equivalent received from the customer, owner of the PSPM purchased or redeemed from the customer or acting on behalf of another person;
- d. identifying information of the person the customer is acting on behalf of, if the customer is not the owner mentioned in paragraph 13.1.2(c);
- e. proof that the customer is authorised to act on behalf of that other person, if the customer is not the owner mentioned in paragraph 13.1.2(c);
- f. date of transaction or intended transaction;
- g. amount of transaction or intended transaction;
- h. description of the PSPMs sold, purchased or redeemed under the transaction or intended transaction;
- i. address where the transaction was carried out, or would have been carried out;
- j. name and designation of the employee who carried out (or would have carried out) the transaction on behalf of the regulated dealer; and
- k. the reason why the regulated dealer was unable to or chose not to complete any CDD measures;
- l. supporting documents relied on in making a CTR;
- m. where ECDD or SCDD was carried out, the name and designation of the person holding the senior managerial or executive position in the regulated dealer who approved the transaction with the customer.
- n. a copy of all CTRs.

*For customers acting on behalf of a legal person*

- a. the name of the legal person;
- b. the legal form of the legal person;
- c. proof of the legal person's existence (e.g. ACRA BizFile search);
- d. the place under which the legal person is incorporated, registered or otherwise constituted;

- e. the documents that regulate and bind the legal person (e.g. the corporate constitution of a company);
- f. if the legal person is incorporated or registered in Singapore, its UEN;
- g. if the legal person is incorporated or registered outside Singapore, its foreign incorporation or registration number;
- h. if the legal person is an entity, the identity of each individual having a senior management position in the legal person;
- i. the address of the legal person's registered office and its principal place of business.
- j. if the legal person is an entity:
  - i. the identifying information of each individual who ultimately has a controlling ownership interest in the legal person;
  - ii. if it is doubtful whether all or any of the individuals who ultimately have a controlling interest in the legal person are its BOs, or where no individual exerts control through ownership interests, the identifying information of each individual (if any) exercising control of the legal person through other means; or
  - iii. if no individual is identified under sub-paragraphs (i) and (ii), the identifying information of each individual having a senior management position in the legal person.
- k. if the legal person is a trust, the identities of:
  - i. the settlor;
  - ii. each trustee;
  - iii. the protector (if any);
  - iv. each beneficiary or class of beneficiaries; and
  - v. any other individual exercising ultimate effective control over the trust.
- l. if the legal person is a legal arrangement that is not a trust, the identity of each person holding a position equivalent or similar to any position in paragraph (k).

## 13.2 Reporting Requirement

- 13.2.1 The regulated dealer must submit semi-annual returns related to its business and transactions in six-month periods with effect from 1 January 2021.

13.2.2 The regulated dealer is strongly encouraged to prepare the required information consistently throughout the six-month reporting period.

13.2.3 The semi-annual return must be submitted to the Ministry of Law via the stipulated electronic system within 30 days after the reporting period, e.g. by 30 July 2021 for period from 1 January 2021 to 30 June 2021.

### 13.3 Data Protection

13.3.1 All customer personal data collected in the course of CDD may only be used to address ML/TF risks in accordance with the requirements of the PSPM Act. The data collected should not be used for unrelated purposes.

13.3.2 Regulated dealers, like other entities, remain subject to the requirements under the PDPA (refer to the [PDPC website](http://www.pdpc.gov.sg) for more information, accessed via <http://www.pdpc.gov.sg>).

## 14 **Additional Measures Relating to Targeted Financial Sanctions**

14.1 The regulated dealer must take additional measures relating to targeted financial sanctions. This means that before entering into a transaction, the regulated dealer is required to assess whether the customer, or any person on whose behalf the customer is acting, or a beneficial owner of the customer (where the customer is an entity or legal arrangement) is:

- a. a terrorist or terrorist entity under the TSOFA;
- b. a designated person as defined in any regulations made under the UN Act; or
- c. a person notified by the Registrar to the regulated dealer as a person to whom the additional measures apply.

14.2 If they are found in the terrorist designations and financial sanctions lists (refer to paragraph 6.4.3), the regulated dealer should ensure that it does not deal with them. If the regulated dealer has reason to suspect that the customer may be a terrorist, terrorist entity or designated person, the regulated dealer must:

- a. decline to enter into any transaction with the customer;
- b. terminate any transaction entered into with the customer;
- c. make a report to the police; and
- d. at the time of making the report to the police or immediately thereafter, submit a copy of the report to the Registrar.



## Annex A Sample Risk Assessment Form

Note: The following template contains examples which the regulated dealers may consider using in their risk assessments, and should be adapted to suit their business context. Regulated dealers should include relevant risk factors and ensure that the measures listed to manage the ML/TF risks identified are aligned to their IPPC.

The ultimate responsibility and accountability for ensuring compliance with the PSPM Act and PMLTF Regulations rest with the regulated dealers' directors and senior management. As part of AML/CFT oversight and governance, regulated dealers' risk assessments must be seen and/or evaluated and signed off by the most senior member of your senior management or whoever he/she designates in the senior management team. The directors and senior management should have a good understanding of the risks that the business is exposed to, and ensure that the risk mitigating measures adopted are adequate, robust and effective.

Name of regulated dealer:	Date of risk assessment:
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### A. Customer Profile

Background	Low risk	Medium Risk	High risk	Measures to address risk [Note: The examples provided below are not exhaustive and they should at minimum contain the ECDD measures in the IPPC if risk factor is assessed to be high]
E.g. New customers transacting in cash above S\$X,000.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	E.g. Obtain compliance officer's pre-approval before completing transaction  E.g. Request customer to pay in non-cash mode  E.g. Enquire on the customer's occupation or business
E.g. Regular and existing customers transacting in cash above S\$X,000.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	E.g. Obtain compliance officer's pre-approval before completing transaction  E.g. Request customer to pay in non-cash mode  E.g. Check if transaction amount is within the same range as previous transactions. If no, to enquire on customer's reason for transacting above usual transaction range
E.g. Politically-Exposed Persons, and their family/close associates	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	E.g. Conduct ECDD measures in accordance with Section XX of IPPC  E.g. Request customer to pay in non-cash mode
Etc.				

## B. Customer's countries or territories of origin

Country or territory <sup>17</sup>	Low risk	Medium Risk	High risk	Measures to address risk
E.g. Higher risk jurisdiction (refer to FATF listing: <a href="https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html">https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html</a> as at DDMMYYYY) <ul style="list-style-type: none"> <li>- Country A</li> <li>- Country B</li> <li>- Country C etc.</li> <li>- &lt;Regulated dealer to populate the list and keep it updated. To refer to Registrar's Notices on Jurisdictions under Increased Monitoring&gt;</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	E.g. Conduct ECDD measures in accordance with Section XX of IPPC
Overseas buyer from higher risk jurisdiction (refer to FATF listing: <a href="https://www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html">https://www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html</a> ) Democratic People's Republic of Korea (DPRK) Iran	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	E.g. Conduct ECDD measures in accordance with Section XX of IPPC  E.g. Enquire and observe if customer is buying products for own consumption in Singapore

## C. Products/ Services/ Delivery channels/ Mode and value of transactions

Products	Low risk	Medium Risk	High risk	Measures to address risk
E.g. Gold bullion	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	E.g. Conduct all transactions through bank transfers  E.g. Conduct CDD on bullion customers even if payment through non-cash mode
E.g. Loose diamonds	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	E.g. Conduct all transactions through bank transfers  E.g. Conduct CDD on loose diamond customers even if payment through non-cash mode
Etc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

<sup>17</sup> Regulated dealers should check against the FATF public lists of high-risk and other monitored jurisdictions at <http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/> [http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/?hf=10&b=0&s=desc\(fatf\\_releasedate\)](http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/?hf=10&b=0&s=desc(fatf_releasedate)) periodically as the lists are updated.

Services, Delivery Channels, and Mode and Value of Transactions	Low risk	Medium risk	High risk	Measures to address risk
E.g. Payment for gold jewellery using gold bars	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	E.g. Conduct CDD on customers making payment in gold bars E.g. Conduct CDD on customers even if payment through non-cash mode
E.g. Payment for precious stone jewellery using digital payment tokens	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	E.g. Conduct CDD on customers making payment in digital payment tokens  E.g. Conduct CDD on customers even if payment through non-cash mode
E.g. Online Platform transactions above S\$X,000	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	E.g. Payment for online transactions using credit cards to rely on the banks' CDD process.
E.g. Transactions conducted by the customer's representative (i.e. not the customer's employee)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	E.g. Ensure that the customer's representative is authorised and conduct CDD (including screening) on representative, customer and BO of customer  E.g. Understand the relationship between the customer and his representative  E.g. Limit cash transaction amount to S\$XXXX
Etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

## Annex B Sample IPPC Document

Note: The following IPPC template is a document which regulated dealers may consider adopting. However, regulated dealers should adapt the IPPC to suit their business context and ensure that the IPPC meet the requirements of the PSPM Act and PMLTF Regulations.

The ultimate responsibility and accountability for ensuring compliance with the PSPM Act and PMLTF Regulations rest with the PSMD’s directors and senior management. As part of AML/CFT oversight and governance, your IPPC must be approved by your senior management, and your directors and senior management are responsible for ensuring that:

- a. Enhanced measures are taken to manage and mitigate risks, where higher risks are identified;
- b. An ongoing programme to train employees on the IPPC is put in place; and
- c. The IPPC is implemented, and enhanced if necessary.

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### Cover Page

Document title: Internal Policies, Procedures and Control (“IPP”)

Name of regulated dealer:

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### Version Control Record

Version	Release Date	Key Changes	Author	Approved by Senior Management
1.0				
2.0				

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#### 1. Aim

1.1 Employees of <Name of regulated dealer> or the “regulated dealer” play an important role in protecting against money laundering and terrorism financing (ML/TF) risk. The following IPPC will equip you to do so, and ensure that the business is in compliance with the Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act 2019 (“PSPM Act”).

1.2 Reference should also be made to the PSPM Act and Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Regulations 2019 (“PMLTF Regulations”) as well as Guidelines from the Ministry of Law and relevant government agencies.

## **2 Assessment of risks**

- 2.1 The regulated dealer shall conduct a risk assessment of its business to identify, assess and understand its ML/TF risks in relation to:
- a. the profile of its customers;
  - b. the customers' country or territory of origin;
  - c. the countries or territories where the regulated dealer has operations; and
  - d. the regulated dealer's products, services, transactions, delivery channels, etc.
- 2.2 The regulated dealer shall develop measures (internal rules, processes, etc.) to address the identified risks, and ensure that all employees follow and implement such measures.
- 2.3 The regulated dealer shall ensure that its risk assessment is up-to-date by regularly reviewing it every <X months>, before launching a new product or a new business practice or before using a new or developing technology for any new or existing product.
- 2.4 The assessment must be seen and/or evaluated and signed off by the most senior member of the senior management of the regulated dealer or whosoever he/she designates in the senior management team.
- 2.5 <Additional item(s) to be decided by the regulated dealer>

## **3 Appointment of a Compliance Officer**

- 3.1 The regulated dealer shall appoint a management level employee to be the Compliance Officer for all anti-money laundering/countering the financing of terrorism ("AML/CFT") efforts, including the design and execution of the IPPC. In the case of a sole proprietorship, the sole proprietor is the designated Compliance Officer. The responsibilities of the Compliance Officer shall be as follows:
- a. Trained/be familiar with the PSPM Act, PMLTF Regulations, relevant regulations and Guidelines issued by the Ministry of Law and relevant government agencies;
  - b. Ensure that the regulated dealer is in full compliance with the PSPM Act and its regulations;
  - c. Be responsible for day-to-day operation of the regulated dealer's AML/CFT measures;
  - d. Be the main point-of-contact with the Registrar of Regulated Dealers under the Ministry of Law and law enforcement authorities. The compliance officer shall ensure that he/she is reasonably contactable and should appoint a covering officer (in writing to the covering officer), where possible;
  - e. Ensure that remedial actions are taken in a timely and effective manner when there are instances of non-compliance;
  - f. Regularly conduct internal audits of all compliance procedures/processes related to AML/CFT of the regulated dealer (if applicable, refer to section 11); and

g. <Additional item(s) to be decided by the regulated dealer>

#### 4 Conduct employee checks when hiring employees (Not applicable to sole proprietorships)

4.1 The regulated dealer shall check each employee before hiring, against the following information sources:

- a. Ministry of Home Affairs Inter Ministry Committee-Terrorist Designation (“IMC-TD”) webpage for listings on terrorist designation (persons designated as terrorists) : <https://www.mha.gov.sg/what-we-do/managing-security-threats/countering-the-financing-of-terrorism>;
- b. Monetary Authority of Singapore (“MAS”) webpage for sanctions listings on designated individuals: <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>;
- c. Public sources like the internet, or against commercial databases, to check if a prospective employee has any adverse/negative news which may pose an ML/TF risk to the dealer, e.g. history of dishonest behaviour;
- d. Declaration made by potential employee that such a person:
  - i. was not convicted of any offence involving fraud or dishonesty; and
  - ii. is not an undischarged bankrupt.
- e. <Additional item(s) to be decided by the regulated dealer>

#### 5 Customer Due Diligence (“CDD”)

5.1 CDD is the process of obtaining your customer’s identifying information, recording the information and verifying who they are before transacting with them. The objective is to help regulated dealers determine the ML/TF risks and take appropriate measures to address them.

5.2 The regulated dealer must perform CDD measures in any of the following circumstances:

- a. before entering into a designated transaction;
- b. where the regulated dealer has reason to suspect ML/TF;
- c. where the regulated dealer has reason to doubt the veracity or adequacy of information from earlier CDD measures;
- d. under the following prescribed circumstances:
  - i. before entering into a transaction involving payment in gold (except in the form of jewellery) exceeding S\$20,000;
  - ii. before entering into a transaction involving payment digital payment tokens exceeding S\$20,000.

## 6 Procedures to conduct CDD

6.1 Employees of the regulated dealer shall follow the following procedures when conducting CDD:

- a. The employee shall complete the CDD forms as in [Annex E](#) for the following customer types:

Customer Type	CDD Forms
Individual acting for himself	<ul style="list-style-type: none"> <li>• Customer (Individual) – Form A1</li> <li>• Documentation of Screening Conducted – Form B</li> </ul>
Individual acting on behalf of another individual	<ul style="list-style-type: none"> <li>• Customer (Individual) – Form A1</li> <li>• Person on behalf Customer is Acting On (Cash Owner – Individual) – Form A2</li> <li>• Documentation of Screening Conducted – Form B</li> </ul>
Individual acting on behalf of another corporate/ legal arrangement	<ul style="list-style-type: none"> <li>• Customer (Individual) – Form A1</li> <li>• Particulars of Person on behalf Customer is Acting On (Cash Owner – Corporate / Legal Arrangement) – Form A3</li> <li>• Particulars of BO(s) of Corporate / Legal Arrangement – Form A4</li> <li>• Documentation of Screening Conducted – Form B</li> </ul>

- b. The documents which the employee can use to verify the identity of the customer are:

Customer Type	CDD document used to verify customer identity
Individuals (customers and BOs of corporate/ Legal arrangement)	<ul style="list-style-type: none"> <li>• National Identity Card</li> <li>• Passport</li> <li>• &lt;Additional item(s) to be decided by the regulated dealer&gt;</li> </ul>
Corporate/ Legal arrangement	<ul style="list-style-type: none"> <li>• Records in an independent company registry on ownership and directorship</li> <li>• Certificate of incumbency, certificate of good standing, share register, as appropriate</li> <li>• Certificate of incorporation</li> <li>• &lt;Additional item(s) to be decided by the regulated dealer&gt;</li> </ul>
<Additional item(s) to be decided by the regulated dealer>	<Additional item(s) to be decided by the regulated dealer>

- c. Where the employee obtains data, documents or information from the customer, he should ensure that such data, documents or information is current and valid at the time they are provided to the regulated dealer.
- d. The employee who sighted and took copies of the identification document, should sign and date the copy of the document to document the verification process.
- e. If the customer is unable to produce an original document, the employee may consider accepting a copy of the document that is certified to be a true copy by a suitably qualified person (e.g. a notary public, a lawyer or certified public or professional accountant).
- f. Where a document is in a foreign language, appropriate steps should be taken by the regulated dealer to be reasonably satisfied that the document does in fact provide evidence of the customer's identity. The employee should ensure that any document that is critical for the performance of any measures required under the Regulations is translated into English by a suitably qualified translator. Alternatively, a translation of such a document by an employee who is conversant in that foreign language may be relied upon. This is to allow all employees of the regulated dealer involved in the performance of any measures required under the Regulations to understand the contents of the documents, for effective determination and evaluation of ML/TF risks associated with the customer.
- g. The employee should ensure that documents obtained for performing any measures required under the Regulations are clear and legible. This is important for the establishment of a customer's identity, particularly in situations where business relations are established without face-to-face contact.

6.2 Employees of the regulated dealer shall adhere to the following procedures when conducting screening of their customers:

- a. The employee shall check each customer before entering into a transaction against the following information sources:
  - i. Ministry of Home Affairs: IMC-TD website (<https://www.mha.gov.sg/what-we-do/managing-security-threats/countering-the-financing-of-terrorism>);
  - ii. UN sanctions lists from the Monetary Authority of Singapore website (<https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities>); and
  - iii. Financial Action Task Force ("FATF") list of high-risk countries ([https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/?hf=10&b=0&s=desc\(fatf\\_releasedate\)](https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/?hf=10&b=0&s=desc(fatf_releasedate))).
- b. The employee shall update the supervisor (if any) and/or managerial-level employee (if any) and/or compliance officer if there are any matches of the names of customer (individual), person(s) on whose behalf the customer is acting or corporate customer and BO(s) of corporate customer to lists in paragraph 6.2(a)(i) and (ii). The regulated dealer must stop the transaction and report to the police if the match is assessed to be a true match.



- c. The employee shall update the supervisor (if any) and/or managerial-level employee (if any) and/or compliance officer if the customer, the person on whose behalf the customer is acting, or a BO of the corporate customer is a Politically-Exposed Person (“PEP”) or if they are from countries in list in paragraph 6.2(a)(iii). The regulated dealer shall continue with ECDD measures (refer to paragraph 9).
  - d. The employee shall document the results of the screening and assessment.
- 6.3 In the case that CDD in regulations 5 to 6 of the PMLTF Regulations cannot be completed, the regulated dealer shall terminate the transaction, consider if the circumstances are suspicious so as to warrant the filing of a suspicious transaction report (“STR”) and document the basis for its determination, including where the customer is reluctant, unable or unwilling to provide any information requested by the regulated dealer.
- 6.4 Where the regulated dealer forms a suspicion of ML/TF and reasonably believes that performing any of the measures as required in regulations 5 to 6 of the PMLTF Regulations will tip-off a customer, the person on whose behalf the customer is acting, or a BO of that person, the regulated dealer may stop performing those measures. The regulated dealer shall document the basis for assessment and file an STR.
- 6.5 <Additional item(s) to be decided by the regulated dealer>
- 7 Procedures to complete a Cash Transaction Report (“CTR”)**
- 7.1 The following procedure shall apply for the regulated dealer and employees when completing a CTR:
- a. The regulated dealer shall designate an employee e.g. Compliance Officer or employee/s to complete a CTR.
  - b. The employee who is communicating with the customer and/or conducting CDD shall inform the supervisor on the necessity to lodge a CTR.
  - c. The designated employee tasked with completing the CTR shall submit Form NP 784 at the Suspicious Transaction Reporting Office (“STRO”) Online Notices And Reporting Platform (“SONAR”) at <http://www.police.gov.sg/sonar> within 15 business days.
  - d. The designated employee shall check all the inputted information to ensure accuracy.
  - e. <Additional item(s) to be decided by the regulated dealer>
- 8 Enhanced Customer Due Diligence (“ECDD”)**
- 8.1 Where the ML/TF risks are identified to be higher, the regulated dealer is expected to take ECDD measures to mitigate and manage those risks.
- 8.2 The regulated dealer must conduct ECDD measures in any of the following circumstances where the customer, the person on whose behalf the customer is acting, or a **beneficial owner of the customer (where the customer is an entity or legal arrangement)**:
- a. is a PEP, a family member or a close associate of a PEP;

- b. is a resident of or originates from a country on the FATF list of high-risk countries ([www.fatf-gafi.org/countries/#high-risk](http://www.fatf-gafi.org/countries/#high-risk)); and
  - c. is assessed to have higher ML/TF risks.
- 8.3 A customer, the person on whose behalf the customer is acting, or a beneficial owner of the customer (where the customer is an entity or legal arrangement) is assessed to be of higher ML/TF risk when he is:
- a. a resident of or originates from a foreign country or territory that the FATF has placed under increased monitoring or the Registrar has notified to be with inadequate measures to prevent ML/TF;
  - b. in higher risk business/ activities <to be decided by the regulated dealer>
  - c. exhibits the following behaviour or transaction pattern <to be decided by the regulated dealer. Regulated dealer can consider the red flag indicators in Annex D>
  - d. from countries or territories which have relatively higher levels of corruption and/or organised crimes, as identified by credible bodies (e.g. reputable international bodies such as Transparency International).
  - e. <Additional item(s) to be decided by the regulated dealer>

## 9 Procedures to conduct ECDD

9.1 The ECDD measures to be conducted include:

- a. obtaining the approval of a person holding a senior managerial or executive position in the regulated dealer before —
  - (i) in the case of a new customer, entering into a transaction with the customer; or
  - (ii) in the case of an existing customer, continuing to transact with the customer.
- b. taking reasonable measures to establish the income level, source of wealth, and the source of funds, of the customer and, if the customer is an entity or a legal arrangement, of the beneficial owner or owners of the customer <regulated dealer should elaborate on the “reasonable measures”>;
- c. conducting enhanced ongoing monitoring of the transactions entered into with the customer so as to identify suspicious transactions, including transactions or patterns of transactions that are inconsistent with the customer’s profile.
- d. <Additional item(s) to be decided by the regulated dealer>

9.2 Employees of the regulated dealer shall follow the following procedure when conducting ECDD:

- a. The employee shall complete the ECDD form as shown in [Annex F](#).
- b. The employee shall update the supervisor (if any) and managerial-level employee (if any) if ECDD cannot be completed.

c. **<Additional item(s) to be decided by the regulated dealer>**

9.3 The regulated dealer shall assign an employee to conduct enhanced and regular (the time-frame to be decided by the regulated dealer) checks of higher risk customers.

9.4 **<Additional item(s) to be decided by the regulated dealer>**

**10 Ongoing Monitoring**

10.1 The regulated dealer must conduct ongoing monitoring of transactions for regular customers and for cases where the money laundering or terrorism financing risk are assessed to be high.

10.2 The regulated dealer shall conduct ongoing monitoring of transaction by reviewing on an annual basis the information and documents obtained as a result of the CDD measures for regular customers and also in cases where there is a higher risk of money laundering or terrorism financing.

10.3 The following procedures shall apply when the regulated dealer and employees are conducting annual reviews on the customers:

- a. The employee shall review the transactions with the customer and assess if the transactions are consistent with its knowledge of the customers, customers' income and risk profile and customers' source(s) of funds. Where transactions are inconsistent with the known profile, the employee should check with the customer if its profile and business have changed.
- b. The employee should review the identifying documents collected to ensure that they are still valid and current. Where the documents are outdated, the employee should request an updated document from the customer.
- c. The ongoing monitoring procedures performed should be properly documented.

**11 Procedure to complete an STR**

11.1 The following procedure shall apply for the regulated dealer and employees when completing an STR:

- a. The regulated dealer shall designate an employee e.g. Compliance Officer or employees tasked to complete an STR;
- b. The employee who is communicating with the customer and/or conducting CDD or ECDD shall inform the supervisor on the necessity to complete an STR (a discussion may be necessary);
- c. The designated employee tasked with completing a STR shall submit it via [SONAR](#) as soon as possible; and
- d. The designated employee shall check all the inputted information to ensure accuracy and/or get clearance from the compliance officer.
- e. **<Additional item(s) to be decided by the regulated dealer>**

11.2 The employee is reminded that under Section 57 of the CDSA, it is an offence to disclose a STR that was filed or to tip off the customers.

## **12 Record keeping**

12.1 The Regulated Dealer shall keep copies of documents with the following information for a period of **5 years**:

### *For all customers*

- a. Customer's identifying information;
- b. A copy of the supporting document that was relied upon for the customer's identifying information (e.g. NRIC, passport);
- c. Whether the customer is the owner of the cash or cash equivalent received from the customer, owner of the PSPM purchased or redeemed from the customer or acting on behalf of another person;
- d. Identifying information of the person the customer is acting on behalf of, if the customer is not the owner mentioned in paragraph 12.1(c);
- e. Proof that the customer is authorised to act on behalf of that other person, if the customer is not the owner mentioned in paragraph 12.1(c);
- f. Date of transaction or intended transaction;
- g. Amount of transaction or intended transaction;
- h. Description of the PSPMs sold, purchased or redeemed under the transaction or intended transaction;
- i. Address where the transaction was carried out, or would have been carried out;
- j. Name and designation of the individual who carried out (or would have carried out) the transaction on behalf of the regulated dealer; and
- k. The reason why the regulated dealer was unable to or chose not to complete any CDD measures;
- l. Supporting documents relied on in making a CTR;
- m. Where ECDD or SCDD was carried out, the name and designation of the person holding the senior managerial or executive position in the regulated dealer who approved the transaction with the customer.
- n. A copy of all CTRs.

### *For customers acting on behalf of a legal person*

- o. the name of the legal person;
- p. the legal form of the legal person;
- q. proof of the legal person's existence (e.g. ACRA BizFile search);
- r. the place under which the legal person is incorporated, registered or otherwise constituted;
- s. the documents that regulate and bind the legal person (e.g. the corporate constitution of a company);
- t. if the legal person is incorporated or registered in Singapore, its unique entity number (UEN No.);
- u. if the legal person is incorporated or registered outside Singapore, its foreign incorporation or registration number;
- v. if the legal person is an entity, the identity of each individual having a senior management position in the legal person;
- w. the address of the legal person's registered office and its principal place of business.
- x. if the legal person is an entity:
  - (i) the identifying information of each individual who ultimately has a controlling ownership interest in the legal person;
  - (ii) if it is doubtful whether all or any of the individuals who ultimately have a controlling interest in the legal person are its beneficial owners, or where no individual exerts control through ownership interests, the identifying information of each individual (if any) exercising control of the legal person through other means; or
  - (iii) if no individual is identified under sub-paragraphs (i) and (ii), the identifying information of each individual having a senior management position in the legal person.
- y. if the legal person is a trust, the identities of:
  - (i) the settlor;
  - (ii) each trustee;
  - (iii) the protector (if any);
  - (iv) each beneficiary or class of beneficiaries; and
  - (v) any other individual exercising ultimate effective control over the trust.
- z. if the legal person is a legal arrangement that is not a trust, the identity of each person holding a position equivalent or similar to any position in paragraph (y).

### **13 Staff training on AML/CFT**

- 13.1 The regulated dealer shall ensure that its employees attend on-going training on AML/CFT matters. The training can be conducted internally or through the engagement of external training providers.
- 13.2 The regulated dealer shall record the names of the employees who have undergone training and the courses attended (with date/s of courses attended).
- 13.3 <Additional item(s) to be decided by the regulated dealer>

### **14 Audit of IPPC (*Applicable to regulated dealers who conduct designated transactions*)**

- 14.1 The regulated dealer shall conduct an independent audit of its IPPC to assess the effectiveness of measures taken to prevent ML/TF. This includes the following:
- a. Determine the adequacy and relevance of the IPPC;
  - b. Assess employees' compliance with the IPPC; and
  - c. Assess whether instances of non-compliance are reported to senior management on a timely basis.
- 14.2 The regulated dealer shall state that the frequency of such audits is every X month.
- 14.3 The auditing unit must be adequately independent of the business arm.
- 14.4 <Additional item(s) to be decided by the regulated dealer>

### **15 Tipping-off and Confidentiality**

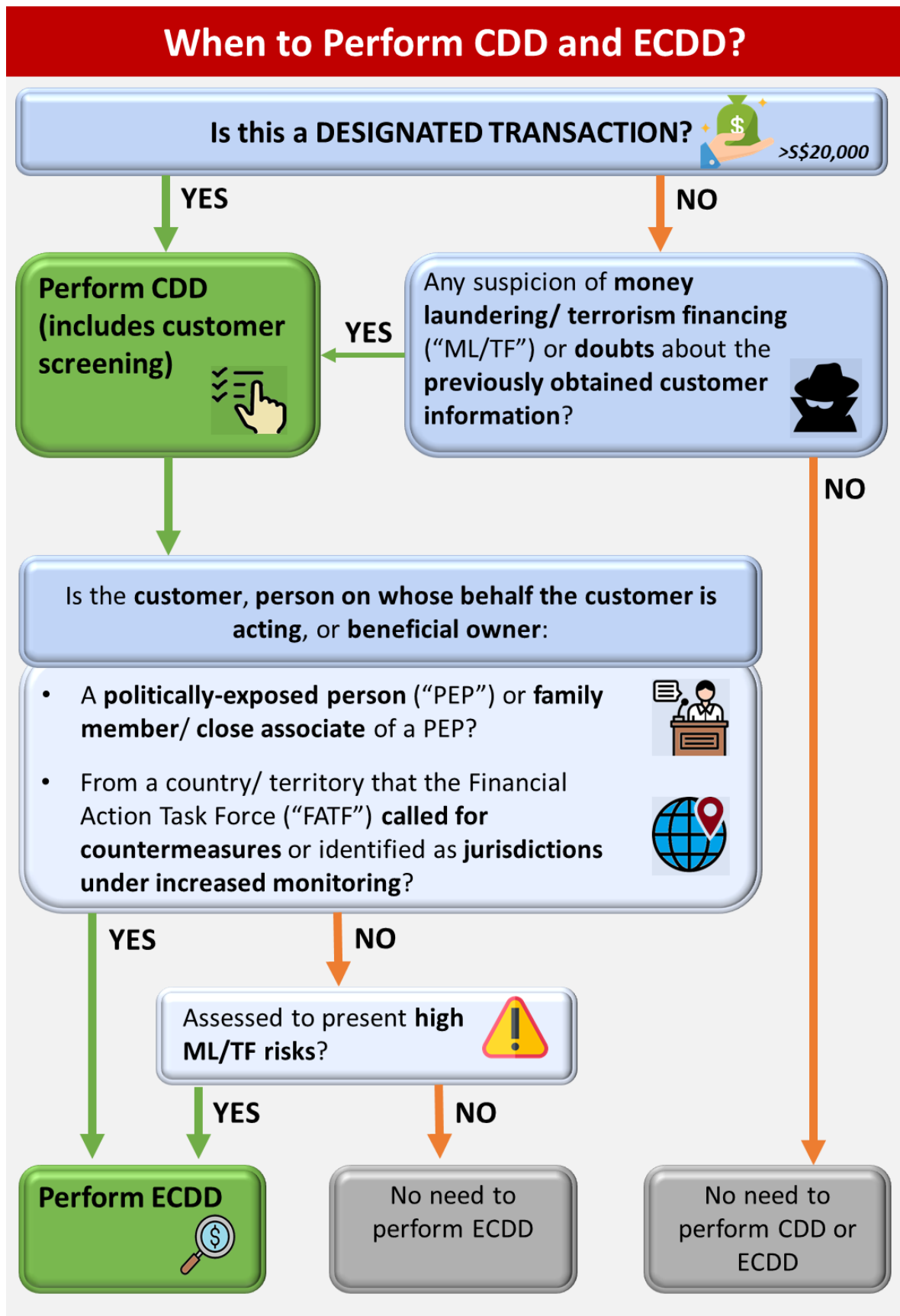
- 15.1 Employees of the regulated dealer are reminded that it is an offence<sup>18</sup> to disclose the fact that an STR was filed.

### **16 Additional procedures (deemed necessary by the regulated dealer)**

- 16.1 XXX

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<sup>18</sup> Please note section 57 of the CDSA and section 10B of the TSOFA on tipping-off.



## Annex D Red Flag Indicators for Regulated Dealers

### General Comments

Any person, who in the course of business, employment, trade or profession, knows or has reasonable grounds to suspect that any property is linked or intended to be used in connection with criminal conduct or drug dealing (or generically referred to as “crime”), shall disclose the knowledge or suspicion or the information to the Suspicious Transaction Reporting Office (“STRO”). This must be done as soon as is reasonably practicable after it comes to his attention. Please refer to the STRO’s website on how to lodge a Suspicious Transaction Report (“STR”) with STRO.

The red flag indicators that follow are meant to help PSMDs to identify some of the circumstances that could be suspicious in nature. They could indicate that property may represent proceeds of money laundering (“ML”) or terrorism financing (“TF”) or proliferation financing (“PF”) or used/intended to be used in connection with ML or TF.

While each individual indicator may not be sufficient by itself to suggest ML or TF or PF, a combination of the indicators may indicate a suspicious transaction.

The list is not exhaustive. It may be updated due to changing circumstances and new methods of laundering money or financing terrorism. Please refer to STRO’s website for the latest list of red flags.

A customer’s declarations regarding such transactions should be checked for plausibility. Not every explanation offered by the customer can be accepted without scrutiny.

It is reasonable to suspect any customer who is reluctant to provide normal information and documents required routinely by the PSMD before entering into a designated transaction. PSMDs should pay attention to customers who provide minimal, false or misleading information.

### Red Flag Indicators: Customers

A “customer” in this context means a person with whom a regulated dealer enters into or intends to enter into a transaction. Precious stones, precious metals and precious products are collectively referred to as “PSPM” in the red flag indicators.

### Transaction Patterns

- i) Transactions that are not consistent with the **expected or known** profile of the customer:
  - (a) Transactions that appear to be beyond the means of the customer based on his/her stated or known occupation or income, **experience in the industry or known share capital or period of incorporation**
  - (b) Transactions that appear to be more than the usual amount or quantity for a typical customer of the business; or
  - (c) Transaction purposes that are not in line with the known or expected operations of the business.



- ii) Unusually large amounts of cash, traveller's cheques, cashier's cheques or precious metals, e.g. gold bars or precious stones, e.g. diamonds, digital payment tokens involved in the transactions.
- iii) Unusually large or frequent transactions that are made in a foreign currency.
- iv) Transactions in which third parties are involved, either as payers or recipients of payment or PSPM, without apparent legitimate business purpose. For example:
  - (a) Payments received from a third party, who is not the owner of the funds, without legitimate business purpose;
  - (b) Payments received from multiple third parties for the same transaction;
  - (c) Payments of proceeds made to third parties overseas, although the transaction is between a domestic buyer and seller, and without apparent legitimate business purpose;
  - (d) PSPM delivered to a third party, who is not the owner or payer of funds, without legitimate business purpose; or
  - (e) Refunds paid to a third party, who is not the owner or payer of funds, without legitimate business purpose.

Note: Payments may be in the form of third-party cheques, a third-party credit card, precious metals, e.g. gold bars or precious stones, e.g. diamonds and digital payment tokens.
- v) Transactions with no apparent business purpose among associates or trading accounts for PSPM and asset-backed tokens traded using bullion, investment or asset-backed token.
- vi) Large transactions which are cancelled shortly after deposits or full payment are made, resulting in the refunds. For example, the customer may pay for the transaction in cash and request the refund be issued in the form of a cheque. Conversely, the transaction may be made with a credit card and the customer request for the refund to be in cash or other means.
- vii) Overpayment of transactions with a request to refund excess in cash or to a third party.
- viii) Transactions involving virtual assets, especially where ownership of the virtual assets cannot be easily traced to the customer.
- ix) Transactions involving the use stolen or fraudulent payment instruments, for example a payment card that appears stolen or altered or not issued in the customer's name. Some other possible indicators of suspicious online payment 'card-not-present' transactions could include:
  - (a) Same shipping address, but different payment cards: Multiple online orders with mismatched payment card information could signify a criminal attempting to use a series of stolen or fraudulent payment cards while the cards are still active.

- (b) Same payment account, but different shipping addresses: Some criminals may share stolen payment card information with accomplices, or order PSPM for them and ask for the PSPM to be shipped to various different shipping addresses.
  - (c) Same Internet Protocol address (IP address): Online orders made from the same IP address, especially at or around the same time, but with different payment cards could signify criminals attempting to use fraudulent payment cards.
  - (d) Reattempting with smaller transaction amount: When an online order is flagged as a potential fraud and declined, criminals may attempt to quickly purchase another item that cost less. This may indicate a form of card testing to try identifying the card's limit and available balance of the account.
- x) **Transactions involving unusual or complex payment arrangements, without apparent legitimate business purpose.**

### **Customer Behaviour**

- i) The customer appears to be structuring amounts to avoid customer identification or reporting threshold. For example, numerous transactions by a customer, especially over a short period of time, such that the amount of each transaction is not substantial (e.g. below the regulatory threshold for CDD), but the cumulative total of which is substantial.  
Note: especially if just below S\$20,000 cash reporting threshold.
- ii) The customer makes enquiries about refund policies and requests for large refunds subsequently.
- iii) The customer is suspected to be using forged, fraudulent or false identity documents for due diligence and record keeping purposes, e.g. the customer presents identification documents with recent issue dates.
- iv) The customer is unusually concerned with the PSMD's anti-money laundering and countering the financing of terrorism ("AML/CFT") policies.
- v) The customer fails to provide sufficient explanation and/or documents for the source of funds for his transaction. For example, the customer attempts to use a third-party cheque or credit card in which the source of funds or underlying ownership cannot be easily traced to the customer or is questionable.
- vi) The customer attempts to maintain a high degree of secrecy with respect to the transaction, for example:
  - (a) To request that normal business records not to be kept; or
  - (b) The customer is unable or unwilling to provide information for due diligence and record keeping purposes.

- (c) The customer is unable or unwilling to identify beneficial owners or controlling interest, where this would be commercially expected.
- (d) The customer is vague or refuses to provide information on the reason for buying or selling PSPM, or about the origin of the items.
- vii) The customer or the declared owner of the funds is traced to negative news or crime. For example, the person is named in a reliable source (which can include a media or other open sources) that the person is suspected of being involved in illegal activity, or detected when screened against UN Security Council Resolutions (UNSCRs).
- viii) The customer appears to be related to a high-risk country or territory or entity that is associated with money laundering or terrorism activities or a person that has been designated as terrorists.
- ix) The customer dramatically increases purchases of PSPM for no apparent reason or is willing to sell PSPM at a rate significantly lower than their typical sale value.
- x) The customer is employed by a PSMD but is dealing in his personal capacity.
- xi) The customer uses alternative addresses for delivery such as a General Post Office (GPO), private service provider mailbox or third parties to receive purchases.
- xii) The customer appears to be in a hurry to complete the transaction.
- xiii) The customer purchases PSPM without consideration for the value, size and/or colour of the PSPM or other costs (e.g. the extra expense of rush shipping) in the transaction.
- xiv) The customer is accompanied by others who appear suspicious (e.g. lurking outside the premise and closely monitoring the customer) and is in doubt when asked for further details.
- xv) The customer requests to alter the transaction after being asked for identity documents.
- xvi) The customer makes unnecessary self-disclosure that his funds are clean and not involved in any money-laundering activities.
- xvii) The customer pays excessively for an item beyond its expected selling price in an auction.
- xviii) The customer insists on using cash to pay for excessively high value transactions when there was no apparent economic reason.

### **Red Flag Indicators: Suppliers**

#### **Transaction Patterns**

- i) Transactions that are not consistent with the usual profile of a supplier:

- (a) Over or under-invoicing, structured, complex, or multiple invoice requests, and high-dollar shipments that are over or underinsured; or
  - (b) Transactions which are excessive, given the amount or quality, or potential profit from the sale of PSPM; or
  - (c) Consignment size or type of PSPM shipped appears inconsistent with the capacity of the exporter or importer. For example, the shipment or transshipment that does not make economic sense.
  - (d) Misclassification of gold purity, weight, origin and value on customs declaration forms.
  - (e) The transaction involves the use of front or shell companies, which have no real operating activity. For example, the entity's ownership structure appears to be doubtful or obscure or the entity refuses to provide additional information when requested.
- ii) Transactions in which third parties are involved, either as payers or recipients of payment or PSPM, without apparent legitimate purpose.
    - (a) Funds paid to a third party who is not related to the supplier, without legitimate business purpose; or
    - (b) PSPM delivered from a third party who is not related to the supplier, without legitimate business purpose.
  - iii) Transaction involving virtual assets, especially where ownership of the virtual assets cannot be easily traced to the regulated dealer and supplier.

### **Supplier Behaviour**

- i) The supplier is unable to provide information for due diligence and record keeping purposes.
- ii) The supplier is suspected to be using forged, fraudulent or false identity documents for due diligence and record keeping purposes.
- iii) The supplier's origins of the PSPM appear to be fictitious, doubtful or cannot be explained. For example, the supplier sells a large amount of PSPM that originate or are known to be traded from areas not known for their production i.e. trading centres.
- iv) The supplier is unusually concerned with the PSMD's AML/CFT policies.
- v) The supplier attempts to maintain a high degree of secrecy with respect to the transaction, for example –
  - (a) Request that normal business records not to be kept; or
  - (b) Unwillingness to identify beneficial owners or controlling interests, where this would be commercially expected; or

- (c) Request for payments to be made through money services businesses or other non-bank financial institutions for no apparent legitimate business purposes.
  - (d) Is vague or refuses to provide information on the reason for selling or buying PSPM, or about the origin of the items.
- vi) (For diamonds only) Rough diamonds are not accompanied by a valid Kimberley Process (KP) certificate. For example:
  - (a) No KP certificate attached to the shipment of rough diamonds; or
  - (b) The KP certificate is or appears to be forged; or
  - (c) The KP certificate has a long validity period.
- vii) The supplier is traced to negative news or crime. For example, the person is named in a reliable source (which can include a media or other open sources) that the person is suspected of being involved in illegal activity, or detected when screened against UN Security Council Resolutions (UNSCRs).
- viii) The supplier appears to be related to a high-risk country or territory or entity that is associated with risk for money laundering or terrorism activities or a person that has been designated as terrorists.
- ix) The supplier transports the PSPM through a country or territory that is designated as 'high risk for money laundering or terrorism activities' for no apparent economic reason.
- x) The location to which the PSPM are moved directly to or from storage, is different from the supplier's listed address.
- xi) The supplier uses alternative addresses as a General Post Office (GPO), private service provider mailbox which appears to be concealing its whereabouts.
- xii) The supplier appears to be in a hurry to complete transaction or is willing to sell PSPM at a rate significantly lower than their typical sale value.
- xiii) The supplier does not appear to understand the PSPM industry, or lacks the appropriate equipment or finances to engage in regulated activity in the PSPM industry.
- xiv) The supplier appears to be uninterested in or uninformed about the structure or transactions of their PSPM business.
- xv) Other indicators that may warrant closer scrutiny. For example, the supplier offers products such as loose diamonds that retain their wholesale value because they can be easily liquidated. The supplier may insist on offering products through non-face-to-face means (telephone, mail internet). These delivery channels may pose higher risks, as it may make it more difficult to identify the supplier.

## Red Flag Indicators: Proliferation Financing<sup>19</sup>

The following are some of the red flag indicators that could alert PSMDs to customers and transactions that are possibly associated with PF-related activities:

- i) The customer is vague and resistant to providing additional information when asked.
- ii) The customer's activity does not match its business profile or the end-user information does not match the end-user's business profile.
- iii) The transaction involves designated individuals or entities.
- iv) The transaction involves higher risk countries or jurisdictions, or involves other entities with known deficiencies in AML, CFT or countering of proliferation financing controls, or involves possible shell companies.
- v) The transaction involves containers whose numbers have been changed or ships that have been renamed.
- vi) The shipment of goods takes a circuitous route or the financial transaction is structured in a circuitous manner.
- vii) The transaction involves the shipment of goods inconsistent with normal geographic trade patterns or consumer patterns (e.g. the country involved would not normally export or import such goods).
- viii) There are inconsistencies in the information provided, including in trade documents and financial flows (e.g. in the names, companies, addresses, ports of call and final destination).

The FATF has also provided guidance on measures to combat PF and PSMDs may wish to refer to the [FATF website](#) for additional information.

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<sup>19</sup> Red flag indicators compiled from MAS's Guidelines to MAS Notice 626 on Prevention of Money Laundering and Countering the Financing of Terrorism, and Sound Practices to Counter Proliferation Financing.

## Red Flag Indicators: Misuse of Shell and Front Companies<sup>20</sup>

Shell companies are companies (also known as “Legal Persons”) with no operations, assets or business activities. Although all companies start as shell companies, many become fully operational and carry out legitimate business activities. Others may remain as shell companies serving legitimate purposes such as transaction vehicles for corporate mergers or to protect names from being used by others. Generally, a company can only be determined as being used for illegitimate or illicit purposes after its incorporation.

Not all companies that are being misused for money laundering are shell companies. Front companies with a portfolio of businesses, comprising a mix of legitimate and illicit activities, are often used. This makes it challenging to identify the true nature of companies.

When carrying out transactions with Legal Persons, PSMDs should watch out for the following signs of illicit activities.

### Pass-Through Transactions

Pass-through transactions create additional layers in attempts to mask the proceeds from illicit activities. Transactions that pass through Legal Persons with no real economic purpose or plausible explanations are risk indicators that the Legal Person may be misused for money laundering.

### Round-Tripping Activities

Round-tripping activities are a series of transactions where original funds are passed through entities but eventually returned to original entity, with the pass-through activity serving no apparent economic purpose. The objective is to create the impression that money is derived from legitimate commercial activities.

### Hidden Relationships

Relationships between Legal Persons may be hidden using nominee shareholders/ directors with complex structures involving listed companies. Such relationships are usually not apparent and PSMDs should be alert to the need for such overly complex relationships or the mixed use of personal and corporate funds in the purchase of PS/PM/PP.

### Use of Similar Name Entities

Front companies may be set up, without significant assets or business activity, using similar names to establish entities. The purpose is to give an impression of legitimacy through association, and fake documents may be produced to allow transfer of funds through these front companies.

<sup>20</sup> Red flag indicators compiled from MAS’s Risk of Misuse of Legal Persons and ABS’s Legal Persons – Misuse Typology and Best Practices.

## Red Flag Indicators: GST Missing Trader Fraud (“MTF”) Involving Precious Metals<sup>21</sup>

IRAS has observed MTF arrangements involving Investment Precious Metals (“IPM”) gold bars that are exempted from GST. Syndicates will transform the IPM gold bar into scrap gold by melting, cutting or defacing them for onward sale to businesses down the supply chain. A supplier fails to account for or pay the GST charged on his sales (this supplier is referred to as the “Missing Trader”), while businesses along the supply chain continue to claim credit of input tax or refund of GST on their purchases. We have listed the following non-exhaustive warning signs and the due diligence checks below for you to protect your business from any involvement or association with such MTF arrangements .

Warning Signs	Due diligence checks
<ul style="list-style-type: none"> <li>• <b>High-value deals offered by newly established supplier</b>, with minimal experience in the industry.</li> <li>• <b>Very quick turnaround of high-volume transactions</b>, making the business appear unrealistically lucrative.</li> <li>• <b>Back-to-back purchase to sale arrangement</b> with a fixed gold price between the supplier and customers, making the business practically risk free with little or no exposure to price volatility.</li> <li>• <b>Out of the norm credit terms.</b> For example, supplier delivers the gold to you first, and only requires you to make payment after you receive the payment from the customer.</li> <li>• <b>Too good to be true deals recommended by unfamiliar introducer.</b></li> <li>• <b>Scrap gold bars in condition or volume that is not ordinarily traded in the market.</b> For example, buying or selling cut or defaced IPM gold bars or cast scrap gold bars in large quantity.</li> <li>• <b>Supplier/ introducer is evasive</b> when being asked about the source of its gold supply.</li> <li>• <b>Material changes in the transactions with existing suppliers or customers.</b> For example, significant</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Are your immediate supplier and customer legitimate?</b> Obtain business incorporation details, perform credit checks, request for trade references and verify whether they are credible, and visit their business premises.</li> <li>• <b>Is the business arrangement valid?</b> Understand whether there are valid business reasons for IPM gold bars to be defaced or cut and sold as scrap gold bars, whether there are reasonable explanations for the high volume and/or low price of the scrap gold bars relative to the market price and demand, whether the absence of price volatility risk is in line with commercial practice, and whether there is any value for you to be part of the back-to-back purchase to sales arrangement when the customer could have purchased the goods directly from the supplier.</li> <li>• <b>Is the payment arrangement highly favourable?</b> Is there commercial justification for the payment to be made to the supplier only after payment is received from the customer.</li> <li>• <b>Are the scrap gold bars authentic?</b> Question the source of the scrap gold bars and whether there is a reasonable explanation for them to be defaced IPM gold bars.</li> <li>• <b>Is the introducer legitimate and credible?</b> Obtain more information on the introducer. For example, his/her</li> </ul>

<sup>21</sup> Red flag indicators compiled from IRAS’s Beware of GST Missing Trader Fraud Involving Precious Metals.



Warning Signs	Due diligence checks
<p data-bbox="336 239 818 342">increase in transaction volume or transaction value, or changes in the nature of goods trade.</p> <p data-bbox="288 394 818 461">Note: The above risk indicators and due diligence checks are not exhaustive.</p>	<p data-bbox="892 239 1396 342">experience in the trade, and the reason for him/her to offer you the deals instead of carrying out the deals himself/herself.</p> <ul data-bbox="842 383 1396 663" style="list-style-type: none"> <li data-bbox="842 383 1396 663">• <b>Is there a valid reason for material changes in the transactions?</b> Be alert to unusual changes when transacting with existing suppliers and customers. For example, question whether there is any reasonable explanation for the significant increase in the transaction volume and value.</li> </ul>

## Annex E Sample CDD Forms

Note: Regulated dealers may consider adopting the following forms to document the CDD measures taken. Regulated dealers remain responsible for ensuring that the forms meet the requirements of PMLTF Regulations.

<b>Customer Due Diligence (“CDD”)</b>	
<b>FORM A1 – Particulars of Customer (Individual)</b>	
Name of regulated dealer:	Date:
Name of employee:	Signature of employee:

INFORMATION REQUIRED		Example of Supporting Document	
1.	Transaction number	Invoice	
2.	Date/Time of transaction		
3.	Transaction value		
4.	Description of PSPM sold/purchased		
5.	Full name (including any alias)	Copy of original identifying document sighted	
6.	Date of birth		
7.	Residential address		
8.	Citizenship		
9.	Type of identification document		<input type="checkbox"/> NRIC <input type="checkbox"/> Passport <input type="checkbox"/> Others:
10.	Identification number		
11.	Date of identification expiry (if applicable)		
12.	Occupation	Customer’s declaration or regulated dealer’s documentation of enquiry with customer	
13.	Contact number		
14.	<p>Is the customer acting on behalf of any other individual? Tick the relevant box:</p> <p><b>* If customer is acting for another individual, employee to also complete Form A2 with details of the individual who is the cash owner.</b></p> <p><b>^ If customer is acting for a corporate (e.g. a company or sole proprietorship)/ legal arrangement, employee to also complete Form A3 with details on the corporate or legal arrangement and A4 on the details of beneficial owners of the corporate or legal arrangement.</b></p>		<input type="checkbox"/> Customer is acting for himself  <input type="checkbox"/> Customer is acting on behalf of person (cash or PSPM owner is an individual) * (Go to Form A2)  <input type="checkbox"/> Customer acting on behalf of a corporate or legal arrangement (cash or PSPM owner is a corporate) ^ (Go to Form A3 and A4)

<b>Customer Due Diligence (“CDD”)</b>	
<b>FORM A2 – Particulars of Person on behalf Customer is Acting On (Cash Owner – Individual)</b>	
Name of regulated dealer:	Date:
Name of employee:	Signature of employee:

<b>INFORMATION REQUIRED</b>			<b>Example of Supporting Document</b>
1.	Is the customer authorised to act on behalf of the other person or the real owner of the cash or cash equivalent?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Letter of authorisation/ document proof
2.	Transaction number		Invoice
3.	Date/Time of transaction		
4.	Transaction value		
5.	Description of PSPM sold/purchased		
6.	Full name (including any alias)		
7.	Date of birth		Copy of original identifying document sighted
8.	Residential address		
9.	Citizenship		
10.	Type of identification document	<input type="checkbox"/> NRIC <input type="checkbox"/> Passport <input type="checkbox"/> Others:	
11.	Identification number		
12.	Date of identification expiry (if applicable)		Customer’s declaration or regulated dealer’s documentation of enquiry with customer
13.	Occupation		
14.	Contact number		

**Customer Due Diligence (“CDD”)  
FORM A3 –Particulars of Person on behalf Customer is Acting On (Cash Owner – Corporate / Legal Arrangement)**

Name of regulated dealer:	Date:
Name of employee:	Signature of employee:

INFORMATION REQUIRED		Example of Supporting Document
1.	Transaction number	Invoice
2.	Date/Time of transaction	
3.	Transaction value	
4.	Description of PSPM sold	
5.	Is the customer authorised to act on behalf of the other person or the real owner of the cash or cash equivalent? <input type="checkbox"/> Yes <input type="checkbox"/> No	Letter of authorisation/ document proof
6.	Full name of entity	ACRA BizFile report or certificate of incorporate or any other corporate documents from reliable and independent sources
7.	Date of incorporation or registration	
8.	Country or territory of incorporation or registration	
9.	UEN/Incorporation no./Registration no.	
10.	Date of identification expiry (if applicable)	
11.	Main business activity:	
12.	Type of legal entity <input type="checkbox"/> Sole proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Limited partnership <input type="checkbox"/> Limited liability partnership <input type="checkbox"/> Company <input type="checkbox"/> Corporation <input type="checkbox"/> Others:	
13.	Proof of legal entity’s existence (e.g. ACRA BizFile search)	
14.	Registered office address	
15.	Name of senior management of the legal entity  <b>* To include all senior management here.</b>	
16.	Document(s) that regulate and bind the entity (e.g. the corporate constitution of a company)	Customer’s declaration or regulated dealer’s documentation of enquiry with customer
17.	Principal address of business (if different from registered office address)	
18.	Telephone number	
19.	Email address	
20.	Nature of business of the legal entity	
<b>Details of beneficial owners should be filled in Form A4.</b>		

**Customer Due Diligence (“CDD”)**

**FORM A4– Particulars of Beneficial Owner(s) of Corporate Customer/ Legal Arrangement**

Name of regulated dealer:	Date:
Name of employee:	Signature of employee:

<b>INFORMATION REQUIRED</b> <Details for beneficial owners who have control over the corporate/ legal arrangement should be identified and verified>			<b>Example of Supporting Document</b>
1.	Full name of <b>BENEFICIAL OWNER 1</b> (including any alias)		<b>Copy of original identifying document sighted</b>
2.	Date of birth		
3.	Residential address		
4.	Citizenship		
5.	Type of identification document	<input type="checkbox"/> <b>NRIC</b> <input type="checkbox"/> <b>Passport</b> <input type="checkbox"/> <b>Others:</b>	
6.	Identification number:		
7.	Date of identification expiry (if applicable)		
8.	Occupation		
9.	Contact number		
1.	Full name of <b>BENEFICIAL OWNER 2</b> (including any alias)		<b>Copy of original identifying document sighted</b>
2.	Date of birth		
3.	Residential address		
4.	Citizenship		
5.	Type of identification document	<input type="checkbox"/> <b>NRIC</b> <input type="checkbox"/> <b>Passport</b> <input type="checkbox"/> <b>Others:</b>	
6.	Identification number		
7.	Date of identification expiry (if applicable)		
8.	Occupation		
9.	Contact number		
1.	Full name of <b>BENEFICIAL OWNER 3</b> (including any alias)		<b>Copy of original identifying document sighted</b>
2.	Date of birth		
3.	Residential address		
4.	Citizenship		
5.	Type of identification document	<input type="checkbox"/> <b>NRIC</b> <input type="checkbox"/> <b>Passport</b> <input type="checkbox"/> <b>Others:</b>	
6.	Identification number		

<b>INFORMATION REQUIRED</b> <Details for beneficial owners who have control over the corporate/ legal arrangement should be identified and verified>			<b>Example of Supporting Document</b>
7.	Date of identification expiry (if applicable)		
8.	Occupation		<b>Customer's declaration or regulated dealer's documentation of enquiry with customer</b>
9.	Contact number		
1.	Full name of <b>BENEFICIAL OWNER 4</b> (including any alias)		<b>Copy of original identifying document sighted</b>
2.	Date of birth		
3.	Residential address		
4.	Citizenship		
5.	Type of identification document	<input type="checkbox"/> <b>NRIC</b> <input type="checkbox"/> <b>Passport</b> <input type="checkbox"/> <b>Others:</b>	
6.	Identification number		
7.	Date of identification expiry (if applicable)		
8.	Occupation		
9.	Contact number		<b>Customer's declaration or regulated dealer's documentation of enquiry with customer</b>
1.	Full name of <b>BENEFICIAL OWNER 5</b> (including any alias)		<b>Copy of original identifying document sighted</b>
2.	Date of birth		
3.	Residential address		
4.	Citizenship		
5.	Type of identification document	<input type="checkbox"/> <b>NRIC</b> <input type="checkbox"/> <b>Passport</b> <input type="checkbox"/> <b>Others:</b>	
6.	Identification number		
7.	Date of identification expiry (if applicable)		
8.	Occupation		
9.	Contact number		<b>Customer's declaration or regulated dealer's documentation of enquiry with customer</b>

## Customer Due Diligence (“CDD”)

**FORM B – Screen all names and citizenship of customer (individual), corporate customer and beneficial owner(s) of corporate customer obtained from CDD against the lists on:**

- Terrorist designation
- Sanctions lists on designated individuals and entities
- FATF public list of high-risk and other monitored jurisdictions

**\*Note: This form should not be shown to the customer.**

Name of regulated dealer:

Date:

Name of employee:

Signature of employee:

### B1. Check Against Lists on Terrorist Designation and Designated Individuals and Entities

1.	Ministry of Home Affairs (“MHA”)’s website on the Inter-Ministry Committee on Terrorist Designation (“IMC-TD”) on terrorist designation (persons and entities designated as terrorists):  <a href="https://www.mha.gov.sg/what-we-do/managing-security-threats/countering-the-financing-of-terrorism">https://www.mha.gov.sg/what-we-do/managing-security-threats/countering-the-financing-of-terrorism</a>	<b>Any match?</b> <input type="checkbox"/> Yes/ <input type="checkbox"/> No  <b>*Important: If yes, to stop transaction and lodge a police report.</b>
2.	Monetary Authority of Singapore (“MAS”)’s website on targeted financial sanctions under the United Nations Regulations (“UN Regulations”) for the lists of designated individuals and entities:  <a href="https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities">https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities</a>	<b>Any match?</b> <input type="checkbox"/> Yes/ <input type="checkbox"/> No  <b>*Important: If yes, to stop transaction and lodge a police report.</b>

### B2. Politically Exposed Person (“PEP”)

1.	Is the customer a PEP?	<input type="checkbox"/> Yes/ <input type="checkbox"/> No  <b>*Important: If yes; to proceed with ECDD.</b>
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### B3. Check against FATF Public List of High-Risk and Other Monitored Jurisdictions

1.	FATF public list on high-risk and other monitored jurisdictions:  <a href="https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/?hf=10&amp;b=0&amp;s=desc(fatf_releasedate)">https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/?hf=10&amp;b=0&amp;s=desc(fatf_releasedate)</a>	<b>Any match?</b> <input type="checkbox"/> Yes/ <input type="checkbox"/> No  <b>*Important: If yes, to proceed with ECDD.</b>
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### B4. Higher-Risk Customer Based on Risk Assessment Conducted by Regulated Dealer

1.	Does the customer fit the profile of a higher-risk customer based on their own risk assessment conducted by regulated dealer?	<input type="checkbox"/> Yes/ <input type="checkbox"/> No  <b>*Important: If yes; to proceed with ECDD.</b>
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## Annex F Sample ECDD Form

<b>Enhanced Customer Due Diligence (“ECDD”)</b>	
*Note: This form should <u>not</u> be shown to the customer.	
Where ECDD is conducted, to attach completed (1) CDD Form A, (2) CDD Form B and (3) ECDD Form, together with copies of all supporting documents.	
Name of regulated dealer:	Date:
Name of employee:	Signature of employee:

<b>A. Income Level, Source of Wealth and Source of Funds</b>	
1.	<p>Establish the following (by reasonable means e.g. internet scanning and careful enquiries with the customer):</p> <ul style="list-style-type: none"> <li>a. income level;</li> <li>b. source of wealth (i.e. source of overall assets); and</li> <li>c. source of funds (i.e. source of the funds used to pay for the transaction)</li> </ul>
	<p><b>Income level:</b></p> <p><b>Source of wealth:</b></p> <p><b>Source of funds:</b></p> <p><b>Source of information / Documents obtained:</b></p> <p>*Important: To consider terminating the transaction if unable to establish source of income and lodge STR.</p>
<b>B. Prior Approval from an Employee of Senior Managerial/Executive Position</b>	
1.	<p>Obtain prior approval from an employee holding a senior managerial or executive position before establishing/continuing dealings with a higher-risk customer.</p> <p><input type="checkbox"/> Approve <input type="checkbox"/> Not approve</p> <p><b>Reasons for approving / not approving:</b></p> <p>*Important: To terminate the transaction if approval is not given.</p>
	<p><b>Signature of employee of senior managerial/executive position:</b></p>
	<p><b>Name:</b></p>
	<p><b>Designation:</b></p>
	<p><b>Date:</b></p>
<b>C. Enhanced On-Going Monitoring (To be carried out at later date(s), determined by the regulated dealer)</b>	
1.	<p>Conduct enhanced ongoing monitoring on the transactions performed by that higher-risk customer i.e. consider regularly checking against all sections of CDD and ECDD.</p>
	<p><b>Date of recheck:</b></p>
	<p><b>Remarks:</b></p>
	<p><b>Signature:</b></p>
	<p><b>Name of employee:</b></p>
	<p><b>Designation:</b></p>
	<p><b>Date:</b></p>



## Annex G Guidance on Non Face-to-Face (“F2F”) Identity Verification

### General Comments

The Ministry of Law supports the use of technology by regulated dealers for identity verification when carrying out CDD. This could be through using the Singpass app, MyInfo, video conferencing or third-party verification.

Regulated dealers need to ensure that the ML/TF/PF risks are adequately assessed and managed through a risk-based approach. Additional checks should be applied to manage the risk of impersonation. When non F2F identity verification is used, the process should be as robust as measures performed in-person.

Regulated dealers who choose to deploy non F2F identity verification are still required to ensure compliance with record keeping requirements. Where available, technological solutions that can detect possible fraudulent/tampered documents or impersonation should be adopted.

We have listed our guidance below when using non F2F identity verification.

#### Singpass App

The Singpass app installed and activated on the individual’s mobile device is also considered a government-issued identity document bearing the photograph of a customer. Regulated dealers should view the electronic NRIC on the customer’s Singpass app and retain a copy of the electronic NRIC sighted.

#### MyInfo

Regulated dealers may use the MyInfo platform for CDD purposes to verify the individual’s identity, including name, NRIC number, date of birth, nationality and residential address. Regulated dealers should maintain proper records of data obtained from MyInfo.

#### Video Conferencing

Real-time video conferencing that is comparable to F2F communication should be used to sight the original identification documents. This is in addition to obtaining electronic or scanned copies of identification documents. Signatures should also be collected through a secure digital signature using a set of Public Key Infrastructure-based credentials issued by a certified Certificate Authority under the Electronic Transaction Act. Where available, biometric technologies should be considered to incontrovertibly link the transaction to the individual.

#### Third-Party Verification

Regulated dealers may rely on third-parties (e.g., payment service providers regulated by MAS) to perform CDD measures if all the following conditions are met:

- a. Satisfied that the third party to be relied on:
  - i. is subject to and supervised for compliance with requirements for the prevention of money laundering and the financing of terrorism consistent with standards set by the FATF;
  - ii. has adequate measures in place to comply with those requirements; and

- iii. is willing and able to provide, without delay, on the regulated dealer's request, any document acquired by the third party as a result of the customer due diligence measures performed for the regulated dealer;
- b. the third party is not precluded from acting as such by the Registrar;
- c. appropriate steps are taken to identify, assess and understand the risks of money laundering and the financing of terrorism in the countries or territories that the third party operates in (if applicable);
- d. the third party is not relied upon to conduct ongoing monitoring; and
- e. basis of the assessment for (a) is documented and all the CDD documents acquired by third party is obtained.

Regulated dealers remain responsible for compliance with the obligations to conduct CDD, even if they rely on third parties for the performance of CDD measures.