

NOTE ON CONSULTATION PAPER ON THE PROPOSED AMENDMENTS TO AML/CFT NOTICES AND GUIDELINES FOR FINANCIAL INSTITUTIONS AND VARIABLE CAPITAL COMPANIES

Posted on May 21, 2025

Category: [CNPupdates](#)

General disclaimer

This article is provided to you for general information and should not be relied upon as legal advice. The editor and the contributing authors do not guarantee the accuracy of the contents and expressly disclaim any and all liability to any person in respect of the consequences of anything done or permitted to be done or omitted to be done wholly or partly in reliance upon the whole or any part of the contents.

Introduction

This note summarises the Monetary Authority of Singapore's ("**MAS**") consultation paper seeking feedback on proposed amendments to the anti-money laundering and countering the financing of terrorism ("**AML/CFT**") Notices and the Guidelines to the relevant AML/CFT Notices ("**AML/CFT Guidelines**") for financial institutions ("**FIs**") and variable capital companies ("**VCCs**").

These amendments will apply across the financial sector, including banks, merchant banks, finance companies, payment service providers, direct life insurers, capital markets intermediaries, financial advisers, central depository, approved exchange and recognised market operators, approved trustees, trust companies, non-bank credit and charge card licensees and digital token service providers, and VCCs. The amendments are expected to take effect from 30 June 2025.

Background

Amendments were proposed in light of the MAS's regular reviews and updates to its AML/CFT framework to ensure that its supervision of FIs and VCCs takes into account the latest money laundering ("**ML**"), terrorism financing ("**TF**") and proliferation financing ("**PF**") developments.

The proposed amendments take reference from the latest revised Standards set by the Financial Action Task Force ("**FATF Standards**").

I. Inclusion of PF in ML, and PF risk assessments in ML/TF risk assessments

The FATF Standards require FIs and designated non-financial businesses and professions to identify, assess, understand and mitigate their PF risks. While the AML/CFT Notices currently do not expressly refer to PF, offences under MAS' sanctions and freezing of assets of persons regulations which effect the relevant United Nations Security Council Resolutions against the proliferation of weapons of mass destruction are ML predicate offences under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992. Thus, most FIs would in practice already be covering PF risks as part of their existing AML/CFT and/or sanctions compliance controls.

To align with the FATF Standards, the proposed amendments to the AML/CFT Notices include the following:

1. ML includes PF; and
2. the requirement for FIs and VCCs to carry out ML/TF risk assessments includes PF risk assessments.

General disclaimer

This article is provided to you for general information and should not be relied upon as legal advice. The editor and the contributing authors do not guarantee the accuracy of the contents and expressly disclaim any and all liability to any person in respect of the consequences of anything done or permitted to be done or omitted to be done wholly or partly in reliance upon the whole or any part of the contents.

II. Amendments to MAS Notice TCA-N03

In light of the amendments to the Trustees Act 1967 and the FATF Standards, MAS proposes to make corresponding similar amendments to MAS Notice TCA-N03 (“**TCA-N03**”). These amendments will enhance the definition of “trust relevant party” and make clear the requirements to identify all related parties to a legal arrangement and to collect relevant information as necessary.

The main proposed amendments are as follows:

1. To expand the definition of “trust relevant party” in paragraph 2.1 of TCA-N03 to include:
 - (i) a “protector”, a “class of beneficiaries” and an “object of a power”; and
 - (ii) “any other persons with the power under the legal arrangement instrument or by law” to, for example, deal with the property under the legal arrangement or vary the legal arrangement.
2. To specify the following additional information in respect of the trust relevant parties of a legal arrangement which trust companies are required to obtain and hold:
 - (i) Information on the identity of the protector;
 - (ii) Information on the identity of the class of beneficiaries and object of a power; and
 - (iii) Information on the identity of any other natural person(s) exercising ultimate effective control over the trust relevant party.
3. To set out that the coverage of paragraphs 6.14 – 6.16 of TCA-N03 applies to all trust relevant parties of a trust or other similar arrangement.
4. To specify the collection of certain information of the legal arrangement (e.g. the full name, unique identifier such as a tax identification number (or its equivalent), the trust deed (or its equivalent) and purpose for which the legal arrangement was set up, and the place where the legal arrangement is administered).

III. Clarification of timelines for filing of STRs

To avoid ambiguity around suspicious transaction report (“**STR**”) filing timelines, MAS will be clarifying in the AML/CFT Guidelines that the filing of a STR should not exceed 5 business days after suspicion was first established, unless the circumstances are exceptional or extraordinary. In cases involving sanctioned parties and parties acting on behalf of or under the direction of sanctioned parties, FIs and VCCs should file the STRs as soon as possible, and no later than 1 business day after suspicion was first established.

General disclaimer

This article is provided to you for general information and should not be relied upon as legal advice. The editor and the contributing authors do not guarantee the accuracy of the contents and expressly disclaim any and all liability to any person in respect of the consequences of anything done or permitted to be done or omitted to be done wholly or partly in reliance upon the whole or any part of the contents.

MAS will be setting out their supervisory expectations concerning the robust controls and processes FIs and VCCs are expected to put in place to ensure the timely review of suspicious transactions and mitigation of ML/TF concerns identified. These include the need for FIs and VCCs to ensure that there are processes in place for them to:

1. Identify and prioritise the review of concerns of higher ML/TF risks;
2. Ensure that such concerns of higher ML/TF risks are reviewed promptly; and
3. Require any such concerns of higher ML/TF risks that cannot be reviewed promptly to be escalated to senior management, or a similar oversight body, for the application of appropriate ML/TF risk mitigation measures.

As MAS can already access STRs filed by FIs and VCCs with STRO directly, MAS intends to remove the requirement for FIs and VCCs to extend a copy of STRs filed to MAS for information. This will be replaced with a requirement for FIs and VCCs to extend a copy of STRs filed to MAS upon request.

IV. Other amendments to the AML/CFT Guidelines

MAS is proposing further amendments relating to screening, source of wealth (“**SoW**”) and source of funds (“**SoF**”) establishment, as well as the characteristics of a higher-risk shell company. Key proposed amendments include the following:

1. Clarification on ML/TF information sources used for screening – pertinent search engines should be used and screening should be conducted in the native language(s) of the person screened.
2. Clarify that there should be processes to share customer information across business units – at a minimum, CDD and SoW information should be shared.
3. Improved guidance for staff on identifying fraudulent information.
4. Clarifications on the following:
 - (i) The meaning of SoW as including seed money that generated subsequent wealth and a holistic view of the entire body of wealth that the customer and beneficial owner would be expected to have.
 - (ii) SoW and SoF information should be corroborated in a timely manner, ideally with independent sources of information (prudence to be exercised in the absence of such sources), with a risk-based approach focusing on more significant and higher-risk instances of ML/TF.
 - (iii) For significant SoW that are gifts, the legitimacy and plausibility of the gift and the giver's SoW should be established. Inability to do so requires risk assessment and consideration of additional risk mitigation measures for the customer relationship.
 - (iv) An overall assessment of the customer's and beneficial owner's SoW/SoF plausibility and

General disclaimer

This article is provided to you for general information and should not be relied upon as legal advice. The editor and the contributing authors do not guarantee the accuracy of the contents and expressly disclaim any and all liability to any person in respect of the consequences of anything done or permitted to be done or omitted to be done wholly or partly in reliance upon the whole or any part of the contents.

legitimacy is required. If this cannot be ascertained, termination of the business relationship and filing an STF should be considered.

(v) The scope of private banking business.

5. Clarification that where further suspicion is warranted, assessment should be conducted on whether the filing of a supplementary STR is needed.
6. Clarification on the reports that should be considered as part of FIs' and VCCs' enterprise-wide ML/TF risk assessment process.
7. Inclusion of characteristics of a higher-risk shell company that FIs and VCCs should consider as examples of potentially higher-risk categories under paragraph 8.7 of MAS Notice 626 (and the equivalent in other AML/CFT Notices).
8. Inclusion of participation in a tax amnesty programme.
9. Replacing references to "settlers" and "protectors" with "trust relevant parties", and the term "trust" with "legal arrangement".

V. Further Comments

Our firm is well-equipped to assist FIs and VCCs in navigating these regulatory changes. We will continue to monitor developments and provide further updates as they become available. Please do not hesitate to reach out if you require assistance in understanding the implications of these proposed amendments for your business and ensuring compliance.

[Consultation Paper on the Proposed Amendments to Anti-Money Laundering and Countering the Financing of Terrorism Notices for Financial Institutions and Variable Capital Companies](#)

According to the FATF Standards, PF refers to the risk of raising, moving or making available of funds, other assets or other economic resources, or financing, in whole or in part, to individuals or entities for the purposes of the proliferation of weapons of mass destruction, including the proliferation of their means of delivery or related materials (including both dual-use technology and dual-use goods for non-legitimate purposes).

The regulations issued under s 192 read with s 15(1)(b) of the Financial Services and Markets Act 2022.

"Sanctioned parties" include persons designated or covered under the Terrorism (Suppression of Financing) Act 2002 and regulations issued under section 192 read with section 15(1)(b) of the Financial Services and Markets Act 2022 relating to sanctions and freezing of assets of persons.

General disclaimer

This article is provided to you for general information and should not be relied upon as legal advice. The editor and the contributing authors do not guarantee the accuracy of the contents and expressly disclaim any and all liability to any person in respect of the consequences of anything done or permitted to be done or omitted to be done wholly or partly in reliance upon the whole or any part of the contents.

This includes cases involving any funds, other financial assets or economic resources owned or controlled, directly or indirectly, by sanctioned parties

Money Laundering National Risk Assessment Report, the Terrorism Financing National Risk Assessment Report, the Proliferation Financing National Risk Assessment Report, and other risk assessment reports.

Should you require any further information, please do not hesitate to contact Bill Jamieson:

Tel: +65 6349 8680

E-mail: billjamieson@cnplaw.com

General disclaimer

This article is provided to you for general information and should not be relied upon as legal advice. The editor and the contributing authors do not guarantee the accuracy of the contents and expressly disclaim any and all liability to any person in respect of the consequences of anything done or permitted to be done or omitted to be done wholly or partly in reliance upon the whole or any part of the contents.