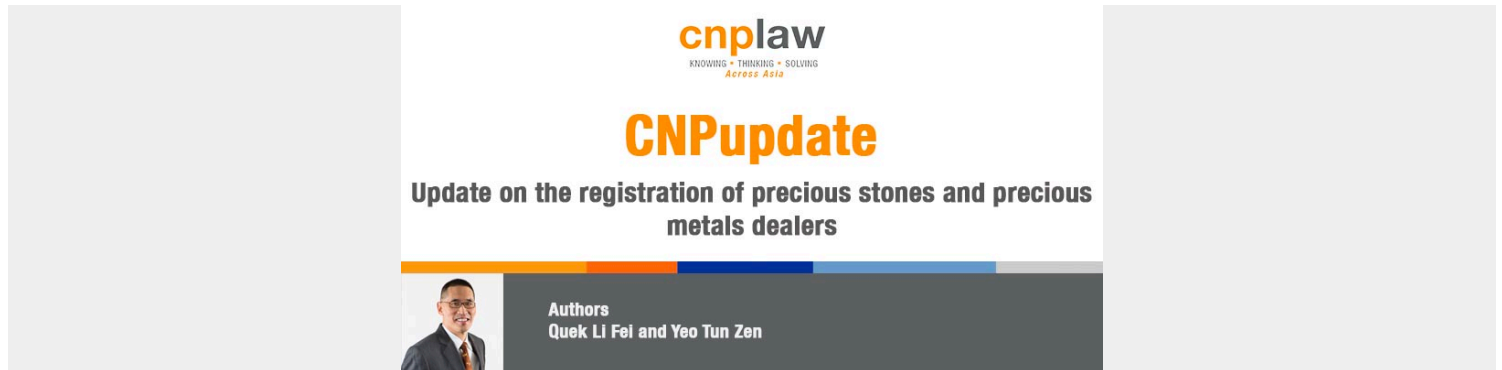


UPDATE ON THE REGISTRATION OF PRECIOUS STONES AND PRECIOUS METALS DEALERS

Posted on March 31, 2021



Category: [Work Project](#)

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.



Authors: [Quek Li Fei](#) and Yeo Tun Zen.

This article is intended to update you on certain regulatory developments in this area since our article published on 31 October 2019.

On 14 December 2020 and 28 December 2020, the Ministry of Law (“MinLaw”) issued two notices to all regulated dealers on changes to the subsidiary legislation of the Precious Stones and Precious Metals Act (“PSPM Act”). Significantly, the changes have introduced a mandatory requirement for current regulated dealers to submit semi-annual returns, effective from 1 January 2021.

Regulatory Scope of the PSPM Act

Under the PSPM Act, a dealer of precious stones, precious metals, precious products or asset-backed tokens (as defined thereunder) is required, amongst other things, to register to be a “registered dealer”. An “asset-backed token” refers to a token, certificate or other instrument backed by precious stones, precious metals or precious products, but excludes:

- securities or derivatives contracts within the meanings of the Securities and Futures Act (Cap. 289); and
- commodity contracts within the meaning of the Commodity Trading Act (Cap. 48A).

Section 6(1) of the PSPM Act prohibits a person from acting or holding out to be a “regulated dealer” unless the person is a registered dealer.

A “regulated dealer” as defined under the PSPM Act means a person who carries on a business of regulated

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.

dealing or carries on a business as an intermediary for regulated dealing (“Regulated Dealer”). In this regard, “regulated dealing” has been defined under the PSPM Act as doing any of the following:

- manufacturing any precious stone, precious metal or precious product;
- importing or possessing for sale any precious stone, precious metal or precious product;
- selling or offering for sale any precious stone, precious metal or precious product;
- selling or redeeming asset-backed tokens; or
- purchasing any precious stone, precious metal or precious product for the purposes of resale.

Submission of semi-annual returns

With effect from 1 January 2021, all Regulated Dealers must submit their annual returns to MinLaw every 6 months (semi-annually), within 30 days after the end of each period to submit their annual returns i.e. if the period of submission is from 1 January 2021 to 30 June 2021, the annual return has to be submitted by 30 July 2021. Please see the table below for the submission periods.

Reporting Period	Submission Period
1 January to 30 June	1 July to 30 July
1 July to 31 December	1 January to 30 January (of the following year)

Regulated Dealers are expected to include the following in their submission:

- mode of payment;
- the five (5) highest valued transactions over the past 6 months; and
- details of any Designated Transactions (as defined in the PSPM Act) over S\$20,000.00 (“Threshold Amount”).

Please see here for the full [Contents of the Reporting Application Form](#).

The semi-annual returns will be submitted via an e-Portal. Details of this e-Portal will be announced on or around **April or May 2021**.

Changes in the Guidelines for Regulated Dealers in the Precious Stones and Precious Metals Dealers Sector on Anti-Money Laundering/Countering the Financing of Terrorism (“Guidelines”)

With effect from 14 December 2020, the [Guidelines](#) were amended to reflect the recent amendments to the Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Regulations 2020 (“[Regulations](#)”), to provide more guidance on customer due diligence (“CDD”) and Enhanced Customer Due Diligence (“ECDD”) and also to emphasise the importance of senior management

General disclaimer

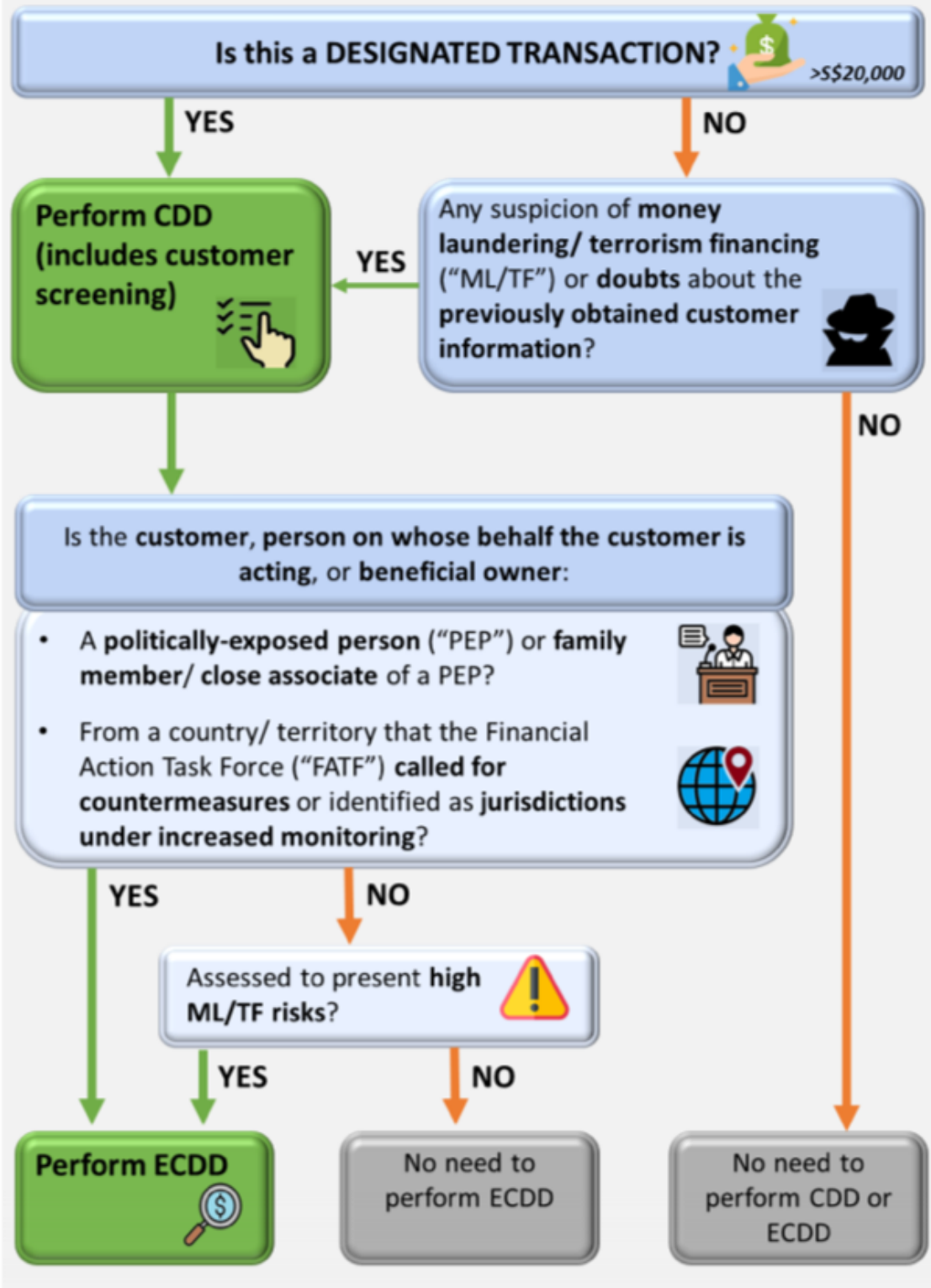
This article is provided to you for general information and should not be relied upon as legal advice. The editor and the contributing authors do not guarantee the accuracy of the contents and expressly disclaim any and all liability to any person in respect of the consequences of anything done or permitted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

enforcing and applying anti-money laundering polices and countering financial terrorism. MinLaw has amended the Guidelines and reproduced below a new streamlined infographic with guidance on when to perform CDD and ECDD.

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.

When to Perform CDD and ECDD?



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.

In addition to the infographic above, MinLaw has updated their Red Flag Indicators for Regulated Dealers to include changes to suspicious customer behaviour and new threats during the COVID-19 pandemic. Regulated Dealers are advised to remain vigilant on the following trends and financial crime typologies during this pandemic:

- criminals finding ways to bypass CDD measures;
- increased misuse of online financial services and virtual assets to move and conceal illicit funds;
- exploiting economic stimulus measures and insolvency schemes as a means for natural and legal persons to conceal and launder illicit proceeds;
- increased use of the unregulated financial sector, creating additional opportunities for criminals to launder illicit funds;
- misuse and misappropriation of domestic and international financial aid and emergency funding; and
- criminals and terrorists exploiting COVID-19 and the associated economic downturn to move into new cash-intensive and high-liquidity lines of business in developing countries.

MinLaw has recommended that Regulated Dealers read, understand and abide by the Guidelines published by MinLaw to attain a comprehensive and updated overview of the strict requirements of a Regulated Dealer.

To receive further updates and notices with regard to the PSPM Act, you may refer to the MinLaw website for any [Notices from the Registrar](#).

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.