

GIBSON DUNN

Financial Regulatory Update

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## MAS Consults on Amendments to AML/CFT Notices and Guidelines Applicable to FIs and VCCs

*The Monetary Authority of Singapore (MAS) has issued a consultation paper setting out proposed amendments to its anti-money laundering and countering the financing of terrorism (AML/CFT) Notices and Guidelines applicable to financial institutions and variable capital companies (VCCs).*

The amendments aim to enhance AML/CFT measures, align with international standards and clarify existing supervisory expectations. The consultation period ends on 8 May 2025, with the amendments expected to take effect from 30 June 2025.

### ***Proposed amendments***

The proposed amendments—which apply across the financial sector to banks, merchant banks, finance companies, payment service providers, direct life insurers, capital markets intermediaries, financial advisers, the central depository, approved exchanges and recognised market operators, approved trustees, trust companies, non-bank credit and charge card licensees, digital token service providers (**FIs**) and VCCs—broadly cover the following areas:

#### Clarification of timelines for filing of suspicious transaction reports (**STRs**)

MAS proposes to amend the AML/CFT Guidelines to state that the filing of an STR should not exceed five 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 one business day after suspicion was first established.

MAS also proposes to set out its supervisory expectations with respect to the controls and processes for timely review of suspicious transactions and mitigation of ML/TF concerns identified, such as the need for FIs and VCCs to identify, prioritise and promptly review concerns of higher ML/TF risks and escalate any such concerns to senior management where necessary.

MAS further intends to remove the requirement for FIs and VCCs to extend a copy of STRs filed to MAS for information and to replace it with a requirement for FIs and VCCs to extend a copy of STRs to MAS upon request.

#### Expanding the definition of money laundering (ML) to include proliferation financing (PF) and incorporating PF risk assessments in ML/TF risk assessments

MAS proposes to clarify that ML includes PF and that FIs and VCCs must include PF risk assessments in their ML/TF risk evaluations. This aligns with the latest Financial Action Task Force (FATF) Standards, which require FIs and designated non-financial businesses and professions to identify, assess, understand and mitigate PF risks. MAS further acknowledges that most FIs would likely already consider PF risks within their existing AML/CFT and sanctions compliance frameworks, in line with guidance issued by MAS over the years.

#### Updates to MAS Notice TCA-N03 for trust companies

MAS proposes to amend the wording of MAS Notice TCA-N03 to align with the Trustees Act 1967 and anticipated legislative changes, flowing from the revised FATF Recommendation 25. The amendments will broaden the definition of a trust relevant party and clarify the requirements for identifying all related parties to a legal arrangement and to collecting relevant information. Additionally, the amendments will mandate the collection of certain information about the legal arrangement, such as the full name, unique identifier, trust deed and the purpose for which the legal arrangement was established, in line with the FATF's recommendations.

#### Other amendments to the AML/CFT Guidelines

MAS is also proposing further changes to clarify and reflect MAS' supervisory expectations and guidance over the years. These amendments cover the areas of 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:

- Clarifying that ML/TF information sources for screening should include relevant search engines used in countries or jurisdictions closely associated with the person screened, and that screening should be conducted in the native language(s) of the person screened.
- Ensuring processes are in place to share customer and related account information across business units, including customer due diligence and SoW information.

- Providing staff with adequate guidance on identifying indicators of fraudulent or tampered data, documents, or information and ensuring timely application of appropriate ML/TF risk mitigation measures.
- Various SoW and SoF-related clarifications, including the need for corroboration of SoW and SoF that are more material and/or present a higher risk for ML/TF and the assessment of the plausibility and legitimacy of SoW and SoF.
- Clarifying the need to assess whether a further or supplementary STR is warranted when further suspicion is raised.
- Including characteristics of a higher-risk shell company as examples of potentially higher-risk categories.
- Including participation in a tax amnesty programme under examples of suspicious transactions related to tax crimes.
- Replacing references to ‘settlers’ and ‘protectors’ with ‘trust relevant parties’ to reflect the expanded definition and replacing the term ‘trust’ with ‘legal arrangement’ in the Guidelines.

### ***Concluding observations***

The consultation paper underscores MAS’ ongoing efforts to maintain a robust and clear AML/CFT framework that meets international standards. The proposed amendments are also a significant step towards enhancing the effectiveness of AML/CFT measures across the financial sector. FIs and VCCs should thoroughly review these proposed amendments, evaluate their implications on current practices and provide feedback (if any) by 8 May 2025.

**The following Gibson Dunn lawyers prepared this update: Hagen Rooke, Jun Qi Chin, QX Toh, and Nicholas Tok.**

Gibson Dunn’s lawyers are available to assist in addressing any questions you may have regarding these developments. If you wish to discuss any of the matters set out above, please contact any member of Gibson Dunn’s Financial Regulatory team, including the following:

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