

# AIWM – COMPLIANCE UPDATE

Rolf Haudenschild

6 December 2023

# AGENDA

- MAS enforcement report
- AML/CFT information papers
  - Terrorism financing
  - AML/CFT controls on legal persons/arrangement
- Money laundering case
- Circular on sanctions
- Notice on representatives (SFA04-N09)
- Consultation on RFMC repeal
- Guidelines on Licensing, Registration and Conduct of Business for Fund Management Companies (SFA 04-G05)
- Response to consultation on payment services

# ENFORCEMENT REPORT

## REVIEWS AND INVESTIGATIONS

Reporting Period: 1 January 2022 to 30 June 2023



**136** cases opened during the reporting period

Type of cases*	Number of cases
Insider trading**	32
False trading**	22
Deception / Fraud under the Securities and Futures Act**	6
Disclosure-related breaches**	25
Breach of requirements for offer documents	3
Carrying on regulated activities without licence**	20
Mis-selling of financial products	1
Breach of business conduct rules	1
Referral by other agencies for assessment of fitness & propriety	14
Money laundering-related control breaches	7
Others	5

\* Cases listed in the table may have sub-offences. The cases are categorised based on the primary offence that triggered the review or investigation.

\*\* Includes all cases under the MAS-CAD Joint Investigation Arrangement.

# ENFORCEMENT REPORT

## LOOKING AHEAD



### Enforcement in the Digital Asset Ecosystem

As the digital asset landscape continues to evolve, MAS has and will put in place regulations (including in the Payment Services Act and the Financial Services and Markets Act) to address key ML/TF risks, technology risks and risks to consumers.

Due to the cross-border nature of digital asset service providers, MAS anticipates receiving an increasing number of foreign requests for assistance regarding such providers. MAS will work with foreign regulators/law enforcement agencies by obtaining and sharing information on errant entities/persons.

MAS will continue to enhance capacities in tackling digital asset ecosystem misconduct, through training and engagement with overseas regulators as well as industry players.



### Continued Focus on Asset and Wealth Managers

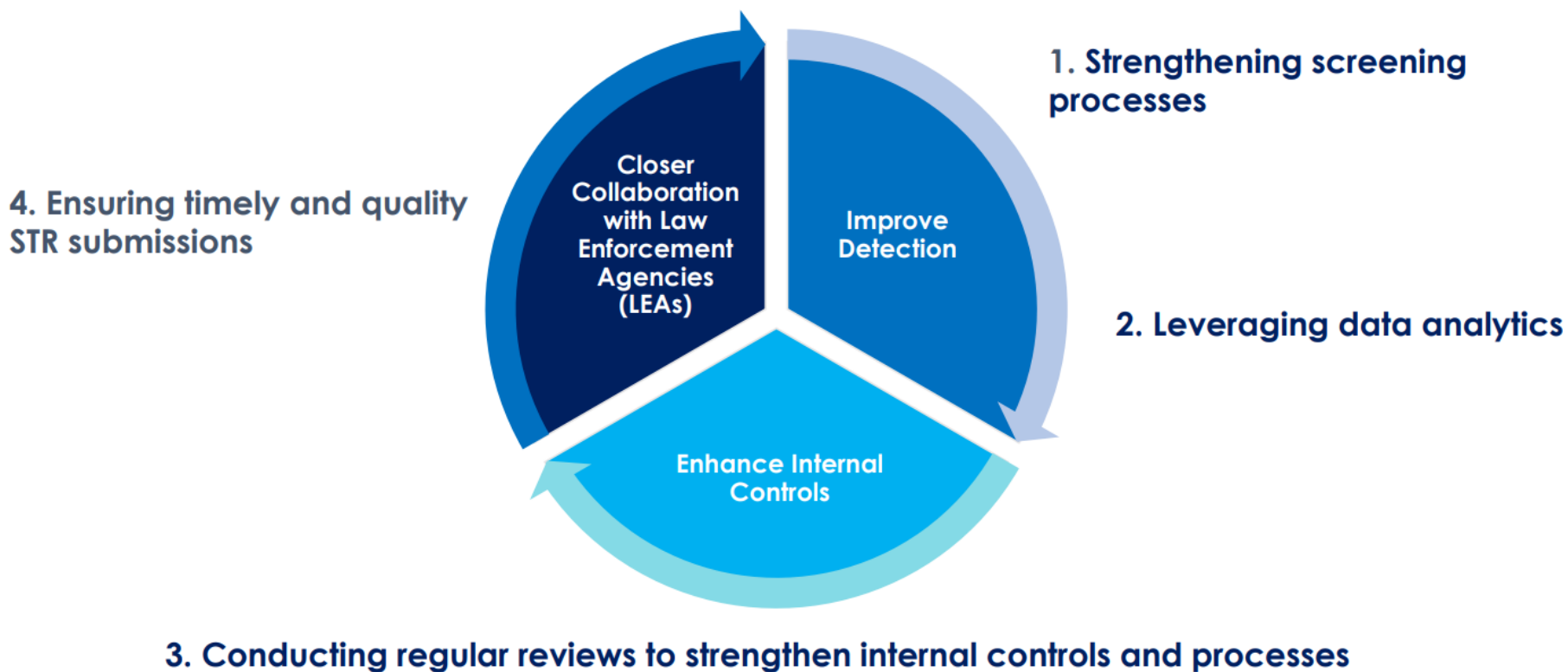
MAS will continue to pay attention to asset and wealth managers as their proper conduct remains vital in ensuring Singapore's position as a leading asset and wealth management hub.

MAS expects them to comply with applicable laws and regulations, including business conduct and AML/CFT requirements, and will step up supervisory engagements to focus on serious regulatory breaches such as those involving dishonesty, gross conflict of interest and poor risk management.

MAS will not hesitate to take stern actions against errant players and hold senior management accountable for a firm's failure to comply with laws and regulations.

# INFORMATION PAPER ON CFT

- MAS identified the following areas for improvement arising from our supervisory engagements:



# INFORMATION PAPER ON MISUSE OF LEGAL PERSONS/ARRANGEMENTS

- Typologies
  - Facilitate pass-through or round-tripping transactions without any clear economic purpose
  - Create complex layers of ownership with no clear legitimate reasons
- Expectations
  - Understand the nature of the customer's business, its ownership and control structure, as well as the purpose of accounts
  - Assess whether such structures and arrangements pose additional money laundering/terrorism financing ("ML/TF") risk
  - Throughout the course of business relations, scrutinise transactions undertaken to ensure that transactions are consistent with the FI's knowledge of the customer

# CIRCULAR ON ENSURING EFFECTIVE DETECTION OF SANCTIONS-RELATED RISKS

- Sanctions applicable in Singapore
  - Immediate freezing
  - Suspicious transaction report (“STR”) and report through form F1
- Unilateral sanctions
  - As per Company’s policies and procedures
  - Lookback of at least 12 months when new sanctions are imposed
  - High risk

# MONEY LAUNDERING CASE



- SGD 2.8 bn
- 10 foreigners arrested
  - Golden visa
  - Additional 24 suspects named
- STRs in 2021
  - Fake documents
- Investigation since 2022
- Banks: UOB, Citibank, RHB, OCBC, Standard Chartered, CIMB, DBS, Bank of Singapore



# NOTICE ON REPRESENTATIVES (SFA 04-N09, FAA-N26)

- Exemption from CMFAS Exams for
  - Fund management
  - Dealing in capital markets products  
(Note that this applies only within the licence of the company.)
  - Financial advice
- Exemption from CPD
- Register of Representatives
- CPD must be assessed as part of fit and proper  
(This is not required because of the exemption from CPD.)

# RFMC REPEAL

- Consultation paper
  - Repeal for certain
- RFMCs become A/I LFMCs (with AUM cap of SGD 250m)
  - MAS may impose additional restrictions or conditions
- Timeline
  - End of consultation: 31 December 2023
  - 1 month before taking effect: Application
  - Taking effect: No more regulated activities as RFMC

# UPDATE OF GUIDELINES ON LICENCING AND CONDUCT

- Substantive fund management activity for all its segregated mandates and funds
  - Appropriate documentation
- Not eligible for fund management licence
  - Trading on customers' instructions
  - Feeder funds
  - Ultimately invests in assets that are not capital markets products
- Competency of key individuals
  - Experience in the marketing, client servicing and advisory of financial services and products may be considered relevant but is not sufficient on its own
  - Experience in investing one's own money or money belonging to family members is not relevant
  - Experience in unregulated entities must be substantiated
  - If experience is more than 10 years ago, it may not be considered relevant

# UPDATE OF GUIDELINES ON LICENCING AND CONDUCT

- CEO and executive directors are expected to focus on the management of the FMC's business
  - May be required to divest outside business interests if they are unable to adequately mitigate the conflicts of interest (whether actual or perceived) or reputational risks posed to the FMC
- FMCs should minimise the shareholding held by passive shareholders (whether direct, intermediate or ultimate) who are not involved in the management of the FMC's business and/or do not have relevant experience in fund management

# UPDATE OF GUIDELINES ON LICENCING AND CONDUCT

- At least 2 full-time representatives
- Individuals who are responsible for or involved in control functions or middle or back-office functions such as risk management, compliance, operations and finance should not be appointed representatives of the FMC
- FMCs should not have a disproportionate number of their representatives based overseas

# UPDATE OF GUIDELINES ON LICENCING AND CONDUCT

- Disclosure for digital assets
  - Heightened price, liquidity and volatility risks
  - Segregation of customer assets
  - Storage primarily in cold wallets
  - Disclosure of custody arrangements should include jurisdiction
  - Other regulatory risks
- References to toolkits
  - Previously: Appendices

# RESPONSE TO PUBLIC CONSULTATION ON PROPOSED REGULATORY MEASURES FOR DPT SERVICES PART 2

- DPT holdings can be taken into account in determining AI eligibility
  - haircut of 50%, or
  - SGD 200,000,  
whichever is lower

A close-up photograph of two business professionals shaking hands. They are wearing dark blue suits. In the background, other people in suits are visible, one holding a white document and another holding a pen. The scene is brightly lit, suggesting an office or conference room setting.

THANK YOU

INGENIA



Rolf Haudenschild

[rolf.haudenschild@ingenia-consultants.com](mailto:rolf.haudenschild@ingenia-consultants.com)

[www.ingenia-consultants.com](http://www.ingenia-consultants.com)

© 2023 by INGENIA CONSULTANTS PTE. LTD.

101 Cecil Street #13-12 Tong Eng Building Singapore 069533

INGENIA