

# Regulatory Update

APAC, July 2024

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## 11 July 2024 – MPC 03/2024 Guidelines on Risk Management Practices – Internal Controls – Section 3.13 on “Securitisation”

The Monetary Authority of Singapore (MAS) has updated its "Guidelines on Risk Management Practices – Internal Controls" to include a new section 3.13 on "Securitisation." This section provides guidance for financial institutions (FIs) in Singapore on managing risks associated with securitisation transactions.

Key aspects include:

1. **General Risk Management:** Guidelines on aligning incentives and managing risks in securitisation transactions.
2. **Due Diligence:** Practices for FIs investing in securitisation products.
3. **Disclosure:** Requirements for FIs that originate or issue securitisation products.

This update aligns with the International Organization of Securities Commissions' (IOSCO) recommendations for risk retention and incentive alignment in securitisation.

To view the revised guidelines, please click [here](#).

## 16 July 2024 – Updates to Singapore’s (I) Money Laundering National Risk Assessment (ML NRA), and (II) Terrorism Financing National Risk Assessment (TF NRA)

As part of Singapore’s continuing efforts to maintain the effectiveness of its anti-money laundering and countering the financial of terrorism (AML/CFT) regime, and to keep pace with best practices as recommended by the Financial Action Task Force (FATF), Singapore had published its updated ML NRA and TF NRA on 20 June 2024 and 1 July 2024 respectively.

To view the ML NRA and key highlights – [link here](#)

To view the TF NRA and infographic – [link here](#)

To view Waystone’s article on this topic – [link here](#)

## 19 July 2024 – SLD01/2024 Survey of Services 2023 (Financial Institutions Excluding Insurance Companies)

The Monetary Authority of Singapore is conducting the Survey of Services 2023 (Financial Institutions excluding Insurance Companies) pursuant to Sections 3(1) and 5 of the Statistics Act 1973. The information collected will be forwarded to the Department of Statistics for the purpose of compiling estimates of national accounts, balance of payments, other statistics and for other studies. The survey is required to be completed and submitted by 30 August 2024

## **24 July 2024 – Cancelled Guidelines on Applications for Approval of Arrangements under Paragraph 9 of the Third Schedule to the Securities and Futures Act [SFA 04-G03]**

Financial Institutions should be aware that the Guidelines to SFA 04-G03 have been officially cancelled, as they have been superseded by the newly implemented FRC Framework.

For more details, please refer to this [link](#).

## **25 July 2024 – Frequently Asked Questions (“FAQs”) on the Issuance of Prohibition Orders Under the Financial Services and Markets Act 2022 (“FSMA”)**

On 25 July 2024, the Monetary Authority of Singapore (MAS) released FAQs regarding the issuance of prohibition orders under the Financial Services and Markets Act 2022 (FSMA). This set of FAQs is intended to guide the industry in preparation for the FSMA Prohibition Order (PO) Regime, which will take effect by late July or early August 2024.

Key points:

- FSMA PO Regime: Enhances MAS' power to issue prohibition orders, as outlined in Part 3 of the FSMA.
- FAQs: Provide guidance on the FSMA PO Regime but are not legal advice.
- Legal Counsel: Industry participants are advised to seek independent legal counsel to understand their obligations and applicable regulations.

To view the FAQs, please click [here](#).

## **26 July 2024 – AMLD 08/2024 Establishing the Sources of Wealth of Customers**

In establishing the SOW of customers, FIs should not apply a one-size-fits-all approach for all its customers. Instead, FIs should ensure that its policies and procedures are risk proportionate and reasonable, taking into account the unique circumstances and profile of each customer.

To view the Circular, please click [here](#).

To view Waystone's article on this topic, please click [here](#).

## **30 July 2024 – MAS/TCRS/2024/05 Cyber Risks Associated with Generative Artificial Intelligence**

MAS has published an information paper on “Cyber Risks Associated with Generative Artificial Intelligence (GenAI)”. The paper aims to raise financial institutions' (FIs) awareness by providing an overview of key cyber threats arising from GenAI, the risk implications, and some of the mitigation measures that FIs could take to address the risks.

Generative Artificial Intelligence (GenAI) like ChatGPT is revolutionizing industries with its ability to create content and automate tasks. However, this transformative technology also introduces significant cyber risks. The July 2024 information paper, "Cyber Risks Associated with Generative Artificial Intelligence," provides a crucial overview of these emerging threats and their implications for financial institutions (FIs).

This paper delves into various aspects of GenAI-related risks, including the misuse of deepfakes and GenAI-enabled phishing, the generation and enhancement of malware, and potential threats arising from GenAI deployments. It highlights recent incidents, such as sophisticated phishing schemes and data breaches involving deepfakes and malicious AI tools.

Key takeaways include the importance of implementing advanced security measures and adopting a multi-layered defense strategy to counteract these threats. The paper also emphasizes the need for robust data governance, employee training, and continuous monitoring to safeguard against GenAI-induced vulnerabilities.

For FIs and other stakeholders, understanding and addressing these risks is essential to fully leverage GenAI's benefits while mitigating potential cyber threats.

To view the information paper, please click [here](#).

### **31 July 2024 – Information Paper on Good practices for Licensed and Exempt Financial Advisers**

On 31 July 2024, the Monetary Authority of Singapore (MAS) issued a revised Information Paper on Good Practices for Licensed and Exempt Financial Advisers. This updated document incorporates significant revisions to the regulatory references to the Financial Advisers Act (FAA), as well as relevant Notices and Guidelines. The revised paper aims to provide enhanced clarity and guidance for financial advisers, ensuring compliance with the latest regulatory standards.

To view the revised information paper, please click [here](#).

### **CCL Compliance is now Waystone Compliance Solutions**

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- Senior Managers & Certification Regime (SM&CR)
- Fifth Anti-money Laundering Directive (5MLD)

If you wish to discuss how Waystone can assist you with any of the issues raised in this regulatory update, please contact us the details below:

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This Regulatory Update provides information about the consultative documents and publications issued by various regulators which are still current, proposed changes to the Rules and Guidance set out in Handbooks, actual changes to Rules and Guidance that have occurred in the months leading up to the update and other matters of relevance to regulated firms. This Regulatory Update is intended to provide general summarised guidance only, and no action should be taken in reliance on it without specific reference to the regulators' document referred to therein.