

Webinar Outline

- AML/CFT Legal Framework
- Recent Developments
- Enforcement Actions
- Overview of CDD Process
- Three Lines of Defence
- Circular AMLD 12/2024 Audit of AML/CFT Policies,
 Procedures and Control
- Information Paper AML/CFT supervisory expectations from recent inspections
- How Waystone can Help

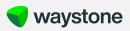




AML/CFT Legal Framework

Legislation	Type of Entity	Regulatory Body
Financial Services and Markets Act	Financial Institutions	Monetary Authority of Singapore
Accountants Act	Accountants	Accounting and Corporate Regulatory Authority (ACRA)
Corporate Service Providers Act	Corporate Service Providers	Accounting and Corporate Regulatory Authority (ACRA)
Casino Control Act	Casino	Gambling Regulatory Authority
Money Lenders Act	Money lender	Ministry of Law
Precious Stones and Precious Metals Act	Precious stone and precious metal dealers	Ministry of Law
Legal Profession Act	Lawyers	Ministry of Law
Housing Developers Act	Developers	Urban Redevelopment Authority
Sale of Commercial Properties Act	Real Estate Practitioners	Council for Estate Agencies





Recent Developments

- April 2024: updates to AML Notices for Payment Services

April 2024: Official launch of Collaborative Sharing of Money Laundering / Terrorism Financing

Information and Cases (COSMIC) to share AML data amongst 6 major banks

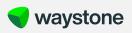
- May/June 2024: Singapore ML/TF National Risk Assessment reports

- July 2024: Circular on establishing Source of Wealth

October 2024: Inter-Ministerial Committee report on improving AML/CFT controls (PSMD, real estate)

October 2024 Circular on AML audits

- October 2024: Information Paper on AML/CFT best practices



Enforcement Actions – AML/CFT breaches

- 29 October 2024 MAS Imposes Composition Penalty of S\$1.9m to Atrium Asia Investment Management,
 Reprimands CEO Mr Mintarja Oei
- 7 May 2024 MAS Imposes Composition Penalty of S\$2.5 million on Swiss-Asia Financial Services Pte. Ltd.
 Reprimands CEO Mr Olivier Pascal Mivelaz, and COO Mr Steve Knabl
- AML/CFT breaches include:
 - Inadequate CDD measures
 - Failure to scrutinize suspicious transactions
 - Failure to properly identity source of wealth
 - Inadequate documentation of CDD process



Overview of CDD Process

Initial Client Verification

Initial Client Verification

AML Screening

Risk Assessment

Simplified/
Enhanced Due Diligence

Periodic Due Diligence



Three Lines of Defence

First Line of Defence – Front Office employees

- Initial assessment of AML/CFT risk of customers
- Alert to signs of suspicious behaviour exhibited by customers

Second Line of Defence – Compliance Function

- Perform CDD checks on customers
- Identify risk associated with customers
- Ensure CDD checks are commensurate with risk profile of customer

Third Line of Defence – Independent Audit Function

- Assess the effectiveness of internal AML/CFT program
- Provide recommendations to bridge any potential gaps in the AML/CFT program





Circular AMLD 12/2024 – Audit of AML/CFT Policies, Procedures and Control

On 21 October 2024, the MAS issued a circular to remind FIs on the importance of maintaining an audit function to provide an independent and regular assessment of the firm's AML/CFT policies and procedures and controls.

The following are best practices emphasized in the circular:

- Expertise The Audit function is competent and sufficiently resourced.
- Prioritisation Audit scope should be commensurate with the size and nature of the business.
- 3) Regular Assessments Perform regular AML/CFT risk assessment to capture changes in profile.
- 4) Data Analytics Utilise data analytics tools in the conduct of AML/CFT audits to effectively identify key risk areas for audit.
- 5) Best Practice Guidance Take reference from best practice guidance in the Anti-Money Laundering Audit Peer Group Best Practice paper.



On 30 October 2024, the MAS published an information paper which sets out observations from a series of AML/CFT inspections conducted across a range of FIs.

This information paper sets out MAS's supervisory expectations in the following areas:

- Assessment of customer risk
- Identification of material red flags
- Source of wealth establishment
- Risk mitigation measures
- Holistic monitoring of accounts



Assessment of Customer Risk

 Take reasonable efforts to obtain and verify past and present information about the customer (e.g. identity and nationality)

Good Practices

- Require customers to declare all nationalities
- Perform additional due diligence to verify legitimacy of multiple nationalities held by customers





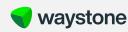
Identification of Material Red Flags

- Clear guidance for staff to identify and report material red flags
- Ensure staff are aware of their roles and responsibilities
- Forensic analysis of documents are not required
 be alert to anomalies on documents
- Leverage technology to enhance detection of potentially fraudulent or tampered documents

Good Practices

- Compliance noted material discrepancies in documents and performed additional checks
- Investigations were carried out and suspicious transaction reports filed





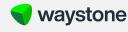
Source of wealth establishment

- Obtain information on entire body of wealth and focus on higher risk SOW
- More robust processes expected for PEPs, private banking and wealth management clients
- Obtain base set of information and supplementary documents to establish SOW
- FIs should document and make a reasonable assessment

Good Practices

 Additional checks were carried out to corroborate SOW (e.g. gifts from third party)





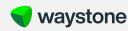
Risk mitigation measures

- Establish adequate risk mitigation measures when there are suspicious transactions
- Exercise close oversight of business relations with customers
 - Enhanced monitoring
 - Suspension of services
 - Freezing of account
 - Impose transaction limits

Good Practices

- Enhanced monitoring of high-risk accounts
- Impose transaction limits





Holistic Monitoring of accounts

- Monitoring of accounts across different business units
- Take appropriate measures to mitigate risk (e.g. STR, enhanced monitoring



How can Waystone help

Scope of AML Audit and Review services:

1. Governance and Oversight

- a. Review the structure of the AML governance framework.
- b. Assess the role and responsibilities of the Board of Directors and Senior Management.
- c. Assess the adequacy of the AML/CFT policies and procedures in place.

2. Risk Assessment

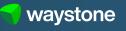
- a. Assess whether the risk assessment aligns with the latest regulatory requirements from MAS.
- b. Review how risks associated with new products, customers, and delivery channels are evaluated.

3. Customer Due Diligence (CDD) / Know Your Customer (KYC)

- a. Examine the policies and procedures for CDD/KYC.
- b. Check compliance with identification and verification requirements.
- c. Review the implementation of ongoing monitoring.

4. Transaction Monitoring and Suspicious Activity Reporting

- a. Review the transaction monitoring framework.
- b. Assess the processes for escalation and reporting of suspicious transactions.
- c. Review post STR client management



How can Waystone help

Scope of AML Audit and Review services:

5. AML/CFT Training

- a. Review the AML training program.
- b. Review documentation to ascertain employees have undergone training.

Record Keeping

- a. Review the policies on record retention.
- b. Verify that CDD/KYC and transaction records are retained for the required period.

7. Enterprise-wide risk assessment ("EWRA")

- a. Review policies and procedures for evaluating Client's EWRA.
- b. Review latest report provided to board and senior management.
- c. Review to ascertain that Singapore's National Risk Assessment repots are incorporated in the EWRA...

How can Waystone help

Other AML Services

Assessing AML/CFT Risk Assist to develop comprehensive AML/CFT risk assessments to meet EWRA obligations

AML/CFT Health Check – Perform gap analysis of your policies and procedures against current regulatory requirements

3. Robust AML/CFT Policies – Develop and/or update your AML/CFT Policies tailored to your business

4.
Training –
Provide
comprehensive
AML/CFT
training for
employees



Thank you



Questions?

Helping to make the complex, simple

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