

Technology, Media & Telecommunications

# New Circular on Money Laundering and Terrorism Financing Risks in the Wealth Management Sector

The Monetary Authority of Singapore ("**MAS**") has issued Circular No. AMLD 02/2003 ("**Circular**") on 3 March 2023 to remind all financial institutions ("**FIs**") to stay vigilant to the money laundering and terrorism financing ("**ML/TF**") risks in wealth management. The Circular sets out MAS' expectations for FIs to review their existing controls to ensure that they remain adequate to mitigate the ML/TF risks from high growth areas.

The key expectations set out in the Circular are as follows:

- (a) **Strengthen Board and Senior Management ("**BSM**") oversight and risk and control functions.** FIs should ensure that:
  - BSM are kept informed of the potential ML/TF risks in high growth areas and set a clear tone on actions to be taken.
  - BSM are kept updated on the results of quality assurance reviews and testing done on the effectiveness of ML/TF controls.
  - The risk and control functions are adequately resourced and familiar with changes in business strategy or target customer segments.
- (b) **Conduct added review and quality assurance testing.** FIs should:
  - Review existing Customer Due Diligence ("**CDD**") practices in high growth areas.
  - Quality assurance testing should be done on key controls areas relating to the identification of higher risk customers and the corroboration of the source of wealth and funds of customers.
  - FIs should promptly enhance their existing CDD practices where inadequate.
- (c) **Continue to exercise vigilance over higher risk customers and transactions.** FIs should:
  - When dealing with legal structures/arrangements for wealth management established for the benefit of the beneficial owners:
    - Conduct in-depth enquiry to understand its purpose and risks and take necessary measures to identify and verify the ultimate beneficial owners;
    - Adequately understand and identify key controllers behind the structures/arrangements used, beyond obtaining the ownership structure; and
    - Conduct appropriate checks to independently corroborate the source of wealth and funds of the legal structures/arrangements and the beneficial owners.
  - For prospective customers that withdraw their applications due to an inability or unwillingness to provide requisite CDD information: Have processes to monitor for such situations, and to consider the need to file a Suspicious Transactions Report.
  - Remain watchful of anomalous transaction spikes and unexpected fund flows with third parties or purportedly for business purposes, and be vigilant to related party transactions to detect risks associated with insider trading or anomalous commingling of business and personal funds.

# Client Update: Singapore

## 2023 DECEMBER

---

### Technology, Media & Telecommunications

Click on the following link for more information:

- [Circular No. AMLD 02/2003 on Money Laundering and Terrorism Financing Risks in the Wealth Management Sector](#) (available on the MAS website at [www.mas.gov.sg](http://www.mas.gov.sg))

Technology, Media & Telecommunications

## Contacts



**Regina Liew**  
Head, Financial Institutions Group

T +6232 0456

[regina.liew@rajahtann.com](mailto:regina.liew@rajahtann.com)



**Larry Lim**  
Deputy Head, Financial  
Institutions Group

T +6232 0482

[larry.lim@rajahtann.com](mailto:larry.lim@rajahtann.com)



**Hamidul Haq**  
Partner, White Collar Crime

T +65 6232 0398

[hamidul.haq@rajahtann.com](mailto:hamidul.haq@rajahtann.com)



**Thong Chee Kun**  
Partner, White Collar Crime

T +65 6232 0156

[chee.kun.thong@rajahtann.com](mailto:chee.kun.thong@rajahtann.com)



**Yusfiyanto Yatiman**  
Partner, White Collar Crime

T +65 6232 0787

[yusfiyanto.yatiman@rajahtann.com](mailto:yusfiyanto.yatiman@rajahtann.com)



**Benjamin Liew**  
Partner, Financial Institutions  
Group

T +6232 0686

[benjamin.liew@rajahtann.com](mailto:benjamin.liew@rajahtann.com)



**Michelle Lee**  
Partner, White Collar Crime

T +65 6232 0553

[michelle.lee@rajahtann.com](mailto:michelle.lee@rajahtann.com)



**Josephine Chee**  
Partner, White Collar Crime

T +65 6232 0591

[josephine.chee@rajahtann.com](mailto:josephine.chee@rajahtann.com)

Please feel free to also contact Knowledge Management at [eOASIS@rajahtann.com](mailto:eOASIS@rajahtann.com)

## Our Regional Contacts

R&T SOK & HENG | *Cambodia*

**R&T Sok & Heng Law Office**

T +855 23 963 112 / 113

F +855 23 963 116

kh.rajahtannasia.com

RAJAH & TANN | *Myanmar*

**Rajah & Tann Myanmar Company Limited**

T +95 1 9345 343 / +95 1 9345 346

F +95 1 9345 348

mm.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP**

**Shanghai Representative Office**

T +86 21 6120 8818

F +86 21 6120 8820

cn.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

**Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)**

T +632 8894 0377 to 79 / +632 8894 4931 to 32

F +632 8552 1977 to 78

www.cagatlaw.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

**Assegaf Hamzah & Partners**

**Jakarta Office**

T +62 21 2555 7800

F +62 21 2555 7899

**Surabaya Office**

T +62 31 5116 4550

F +62 31 5116 4560

www.ahp.co.id

RAJAH & TANN | *Singapore*

**Rajah & Tann Singapore LLP**

T +65 6535 3600

sg.rajahtannasia.com

RAJAH & TANN | *Thailand*

**R&T Asia (Thailand) Limited**

T +66 2 656 1991

F +66 2 656 0833

th.rajahtannasia.com

RAJAH & TANN | *Lao PDR*

**Rajah & Tann (Laos) Co., Ltd.**

T +856 21 454 239

F +856 21 285 261

la.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

**Rajah & Tann LCT Lawyers**

**Ho Chi Minh City Office**

T +84 28 3821 2382 / +84 28 3821 2673

F +84 28 3520 8206

CHRISTOPHER & LEE ONG | *Malaysia*

**Christopher & Lee Ong**

T +60 3 2273 1919

F +60 3 2273 8310

www.christopherleeong.com

**Hanoi Office**

T +84 24 3267 6127

F +84 24 3267 6128

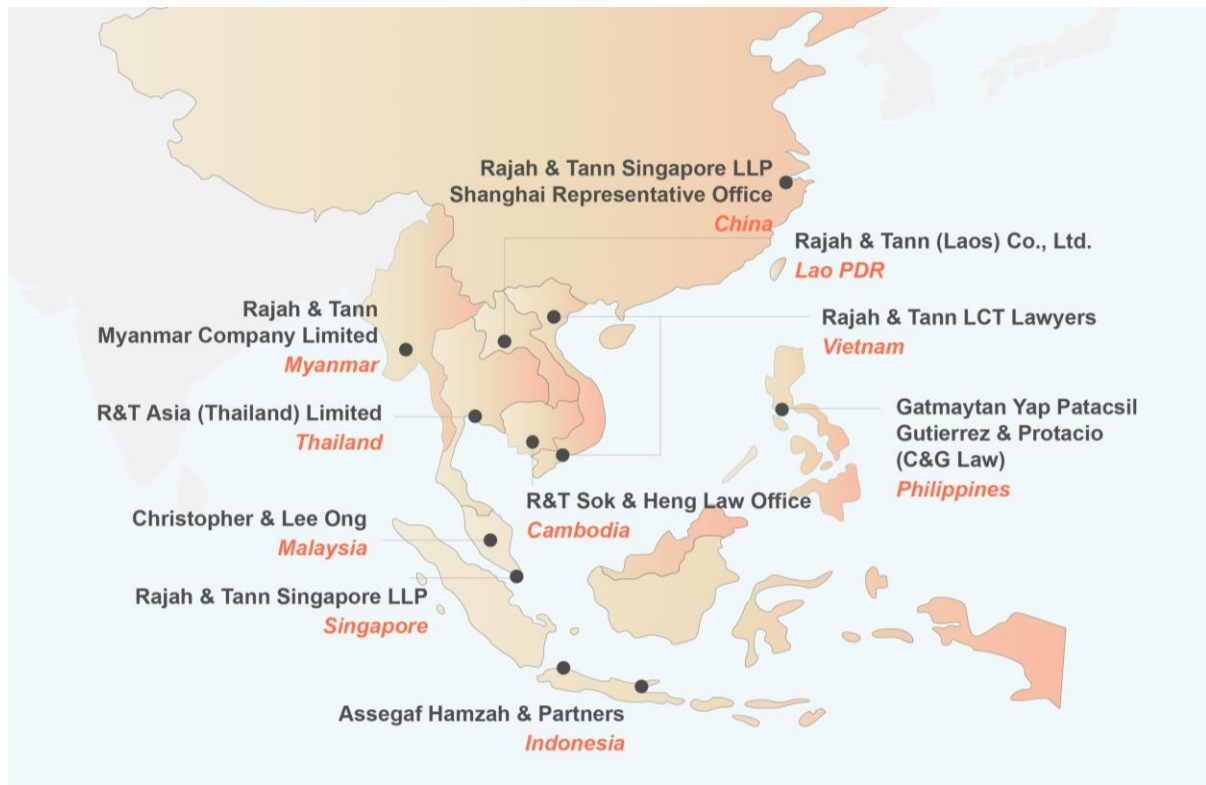
www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in Asia.

Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

This update is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this update.

## Our Regional Presence



Rajah & Tann Singapore LLP is one of the largest full-service law firms in Singapore, providing high quality advice to an impressive list of clients. We place strong emphasis on promptness, accessibility and reliability in dealing with clients. At the same time, the firm strives towards a practical yet creative approach in dealing with business and commercial problems. As the Singapore member firm of the Lex Mundi Network, we are able to offer access to excellent legal expertise in more than 100 countries.

Rajah & Tann Singapore LLP is part of Rajah & Tann Asia, a network of local law firms in Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan and South Asia.

The contents of this Update are owned by Rajah & Tann Singapore LLP and subject to copyright protection under the laws of Singapore and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Rajah & Tann Singapore LLP.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Rajah & Tann Singapore LLP or email Knowledge Management at [eOASIS@rajahtann.com](mailto:eOASIS@rajahtann.com).