

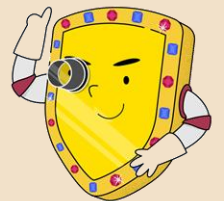
Briefing on Guidance Paper on Strengthening AML/CFT Controls in the Precious Stones and Precious Metals (PSPM) Sector

MINISTRY OF LAW
SINGAPORE

Anti-Money Laundering/
Countering the Financing of
Terrorism Division

Before we start...

Check that you can hear the music playing in the background





**Inspections &
Compliance Reviews**

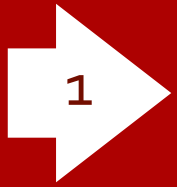


**Areas for
Improvement &
Best Practices**



**Guidance Paper
Learning Points**

By the end of this briefing, you will be able to:



Understand the Guidance Paper, including the regulatory requirements and how to comply with them as well as findings.



Evaluate the effectiveness of your AML/CFT measures against the findings and good practices, and take appropriate steps to address any gaps.

No.	Content	Indicative Time
1	Briefing on Guidance Paper	3:00 PM
2	Q&A Session	3:40 PM

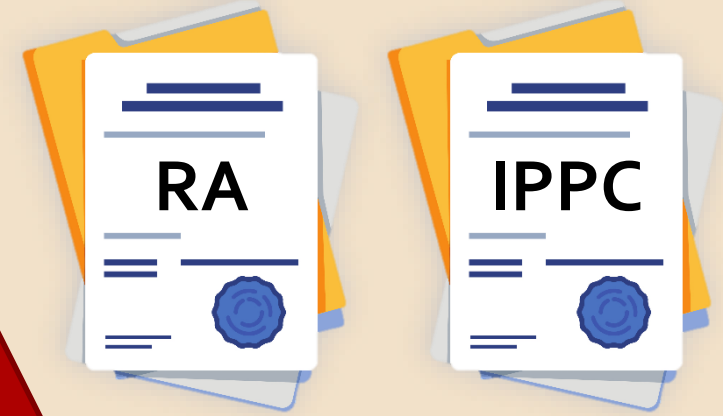
1

ML/TF Risk Awareness and Understanding of AML/CFT Requirements



2

Risk Assessment and Internal Policies, Procedures and Controls (IPPC)



Key Control Areas for Improvement

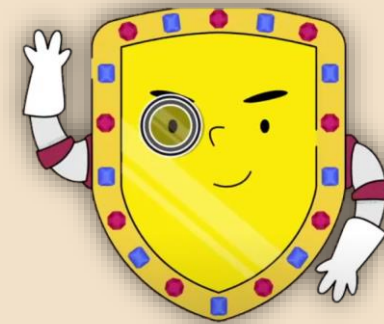
3

Customer Due Diligence (CDD) and Cash Transaction Report (CTR)



4

Enhanced Customer Due Diligence (ECDD)



1

ML/TF Risk Awareness and Understanding of AML/CFT Requirements



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Risk Assessment and Internal Policies, Procedures and Controls (IPPC)



Key Control Areas for Improvement

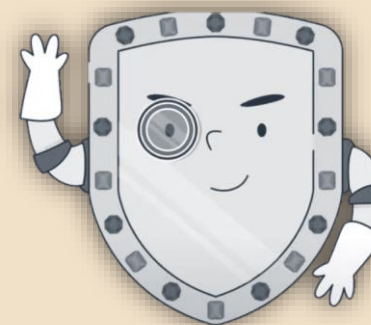
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Customer Due Diligence (CDD) and Cash Transaction Report (CTR)



4

Enhanced Customer Due Diligence (ECDD)



Requirements



Understanding of ML/TF risks and AML/CFT requirements



Staying updated on emerging and ongoing ML/TF risks

ML/TF Risk Awareness and Understanding of AML/CFT Requirements

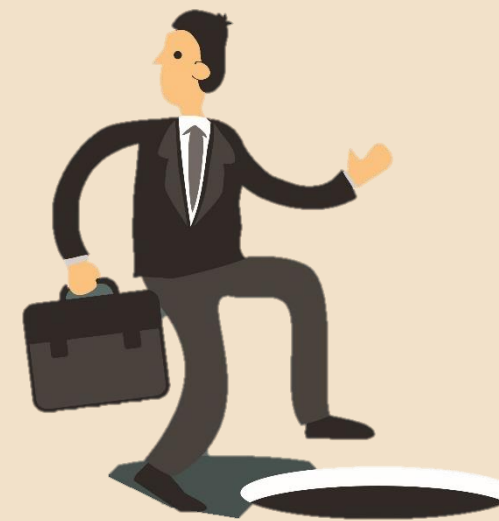
Case Examples: Lack of Awareness and Understanding



Unaware of ML/TF risk typologies or the AML/CFT requirements



Aware but with shortcomings due to incomplete understanding of regulations



Inattention to MinLaw and STRO broadcasts and updates on AML/CFT

Case Examples: Good Practices Observed



Attend MinLaw training sessions & conduct training for staff



Structured AML/CFT training programme



Follow Registrar Updates diligently

Key Learning Points

- 1 Regulated dealers are responsible for AML/CFT compliance
- 2 Stay updated and understand ML/TF risks
- 3 Implement processes to maintain risk awareness across the organisation
- 4 Ensure AML/CFT controls mitigate the ML/TF risks
- 5 Have processes and training to keep staff aware of ML/TF developments

1

ML/TF Risk Awareness and Understanding of AML/CFT Requirements



2

Risk Assessment and Internal Policies, Procedures and Controls (IPPC)



Key Control Areas for Improvement

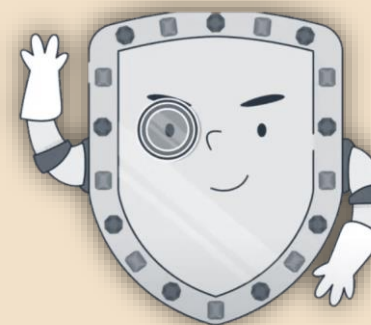
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Customer Due Diligence (CDD) and Cash Transaction Report (CTR)



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Enhanced Customer Due Diligence (ECDD)



Risk Assessment and Internal Policies, Procedures and Controls (IPPC)

Requirements



**Identify, understand
and assess ML/TF risks**



**Document risk
assessment and keep it
up-to-date**



**Implement internal policies,
procedures and controls (IPPC) to
address ML/TF risks and comply
with regulations**

Risk Assessment and Internal Policies, Procedures and Controls (IPPC)

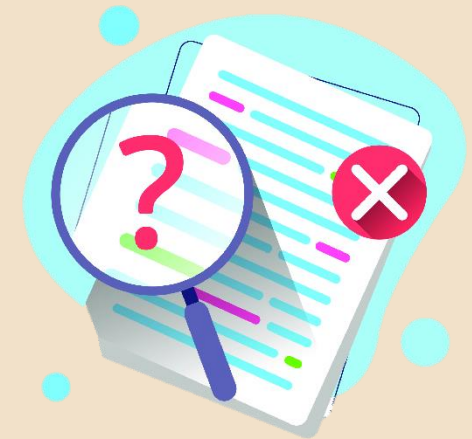
Case Examples: Lack of Awareness and Understanding



No risk assessment or IPPC



Missing core components



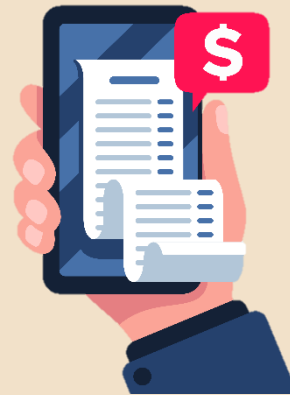
Lack of defining, clear and procedural details

Risk Assessment and Internal Policies, Procedures and Controls (IPPC)

Case Examples: Good Practices Observed



**Detailed risk
assessment conducted**



**Usage of historic
transaction data**



**Additional guidance
provided to staff**

Key Learning Points

Regulated Dealers should:

1

Conduct risk assessment to show understanding of ML/TF risks

2

Develop IPPC to address these ML/TF risks and to comply with the regulations

3

Document the risk assessment and IPPC to provide guidance to staff

1

ML/TF Risk Awareness and Understanding of AML/CFT Requirements



2

Risk Assessment and Internal Policies, Procedures and Controls (IPPC)



Key Control Areas for Improvement

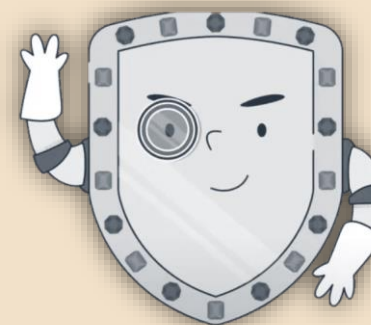
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Customer Due Diligence (CDD) and Cash Transaction Report (CTR)



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Enhanced Customer Due Diligence (ECDD)



Required CDD Measures not Conducted or CDD Documents not Retained

Requirements

1

Perform CDD for designated transactions or where suspect ML/TF



I will require your personal particulars for this transaction please.

Required CDD Measures not Conducted or CDD Documents not Retained

Requirements

2

If unable to perform CDD, dealer must end the transaction and consider filing a STR

No thanks. Why should I provide my information to you?



Required CDD Measures not Conducted or CDD Documents not Retained

Requirements

2

If unable to perform CDD, dealer must end the transaction and consider filing a STR



Sorry sir. We cannot continue this purchase without your details.

Required CDD Measures not Conducted or CDD Documents not Retained

Requirements

2

If unable to perform CDD, dealer must end the transaction and consider filing a STR



Required CDD Measures not Conducted or CDD Documents not Retained

Case Examples: CDD Measures not Conducted or CDD Documents not Retained



CDD not conducted on designated transactions



CDD not conducted on corporate customers / beneficial owners



Supporting documents in foreign languages were not translated

Required CDD Measures not Conducted or CDD Documents not Retained

Case Examples: Good Practices Observed



**Requested ID documents,
made copies and screened
customers**



**Conducted CDD on
corporate customers
and beneficial owners**



**Conducted CDD during
account opening**

Required CDD Measures not Conducted or CDD Documents not Retained



- ✓ Gold bars are of high value and allow anonymity. Payment using gold bars present higher ML/TF risks
- ✓ Dealers are strongly encouraged to conduct CDD on such payers

Key Learning Points

For corporate customers, dealers should conduct CDD on all of the following:



The Corporate Customer



**The Corporate Customer's
Representative**

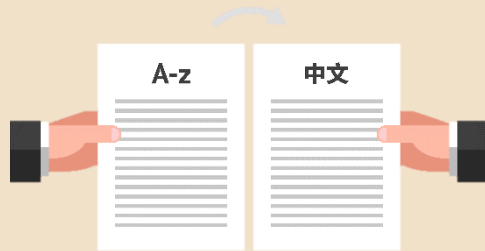


**The Corporate Customer's
Beneficial Owners**

Required CDD Measures not Conducted or CDD Documents not Retained

Key Learning Points

Dealers should:



Obtain reliable and independent CDD documents, including translation of foreign documents



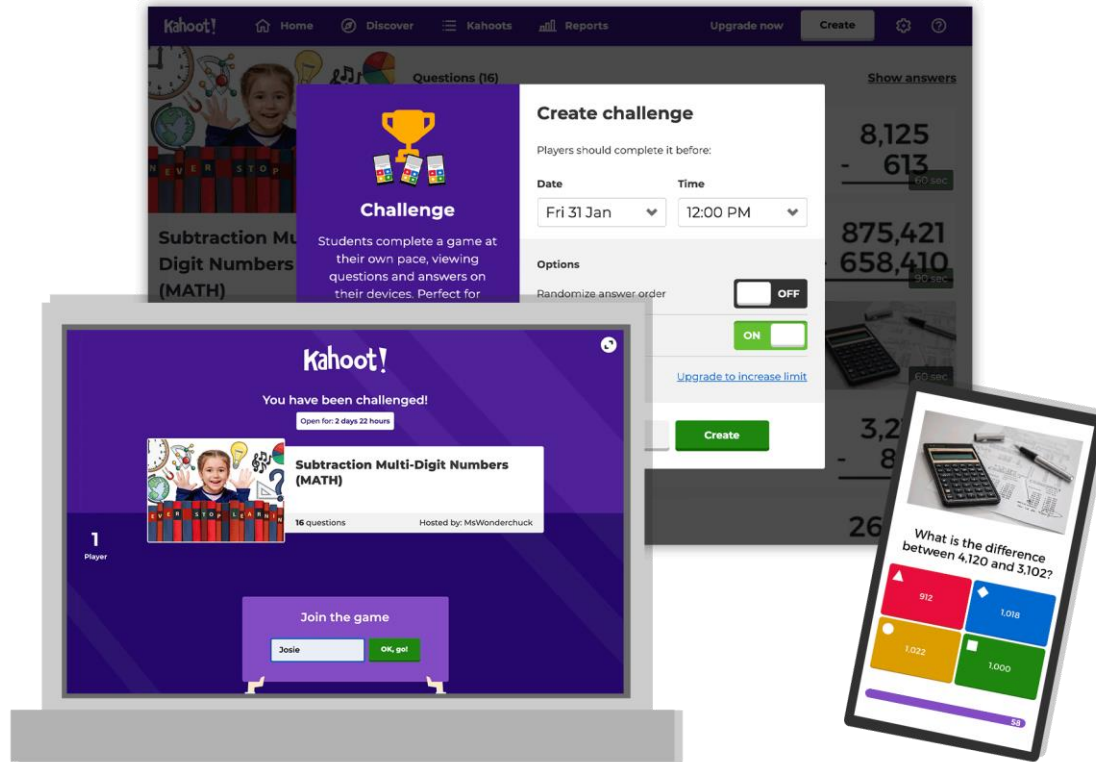
Maintain a copy of CDD documents



Record the date and name of person who sighted the original documents

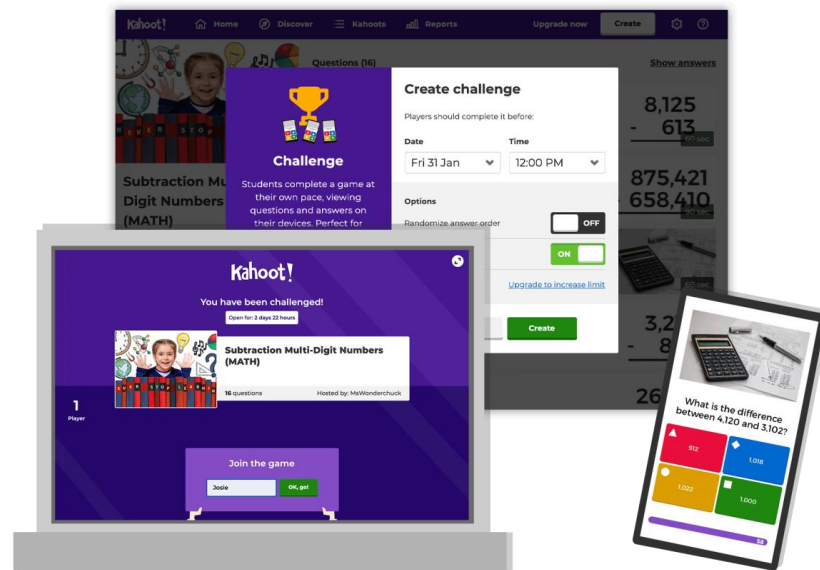


Cash deposited directly into a dealer's Singapore bank account is considered a cash payment



Kahoot! Quiz Time

Instructions to Join



1. Go to kahoot.it
2. Enter the Game Pin.
3. Answer the questions to the best of your knowledge by selecting the multi-coloured options.
4. Remember the clock is ticking!
Fastest fingers win!



RHYTHM GOLD PTE LTD

- **Rhythm Gold PTE LTD** is from foreign country X.
- Rhythm Gold PTE LTD regularly sends over **Mr Lim** as a courier to your business.
- Rhythm Gold has 2 shareholders, **Ms Tan and Mr Ravi**.
- Mr Lim wants to buy 2 kilobars from you on behalf of Rhythm Gold PTE LTD and pay **S\$156,000** in cash.

QUICK TEST 1

- Rhythm Gold is from foreign country X.
- Rhythm Gold regularly sends over Mr Lim as a courier to your business.
- Rhythm Gold has 2 shareholders, Ms Tan and Mr Ravi.
- Mr Lim wants to buy 2 kilobars from you on behalf of Rhythm Gold and pay SGD156,000 in cash.
- You should:

A. Ask for Mr Lim's passport and make a copy.

B. Ask for and make copies of Rhythm Gold's corporate information documents

C. Ask for and make copies of Ms Tan and Mr Ravi's passports

D. All of the above.

ANSWER

- Rhythm Gold is from foreign country X.
- Rhythm Gold regularly sends over Mr Lim as a courier to your business.
- Rhythm Gold has 2 shareholders, Ms Tan and Mr Ravi.
- Mr Lim wants to buy 2 kilobars from you on behalf of Rhythm Gold and pay SGD156,000 in cash.
- You should:

A. Ask for Mr Lim's passport and make a copy.

B. Ask for and make copies of Rhythm Gold's corporate information documents

C. Ask for and make copies of Ms Tan and Mr Ravi's passports

D. All of the above.

QUICKTEST 2

- Mr Lim presents corporate documents for Rhythm Gold, which are in a foreign language.
- What should you do?

A. Translate to English and make copies of the original corporate documents

B. Conduct open source searches on Rhythm Gold's SOF and SOW

C. Ask Mr Lim for Rhythm Gold's SOF & SOW, and file a STR

D. All of the above.

ANSWER

- Mr Lim presents corporate documents for Rhythm Gold, which are in a foreign language.
- What should you do?

A. Translate to English and make copies of the original corporate documents

B. Conduct open source searches on Rhythm Gold's SOF and SOW

C. Ask Mr Lim for Rhythm Gold's SOF & SOW, and file a STR

D. All of the above.

QUICKTEST 3

- Mr Lim says he will deposit the cash directly into your company's bank account. He says you do not need to conduct CDD.

TRUE

FALSE



ANSWER

- Mr Lim says he will deposit the cash directly into your company's bank account. He says you do not need to conduct CDD.

TRUE

FALSE



CTRs not Filed or Filed Inaccurately

Requirements



Dealers are required to file CTRs on designated transactions



CTRs must be filed within 15 business days of the designated transaction



The CTRs must report information on the cash payers and the cash owners

CTRs not Filed or Filed Inaccurately

Case Examples: CTRs not Filed or Filed Inaccurately



CTRs not filed where cash paid in instalments



CTRs not filed when CDD not performed



CTRs indicate wrong owner of the cash

CTRs not Filed or Filed Inaccurately

Case Examples: Good Practices Observed



CTRs filed diligently on a timely basis



Weekly checks conducted on transactions (detect if CTRs were not filed)



Set up their SONAR account with STRO and commenced filing the CTRs

Key Learning Points

1

A CTR must be filed for transactions conducted on the same day with the same customer once total cash or cash equivalent received exceeds S\$20,000

2

Dealers should ensure that information in the CTR is complete and accurate

3

Dealers should ensure that cash payers and cash owners are correctly identified and reported in the CTR

1

ML/TF Risk Awareness and Understanding of AML/CFT Requirements



2

Risk Assessment and Internal Policies, Procedures and Controls (IPPC)



Key Control Areas for Improvement

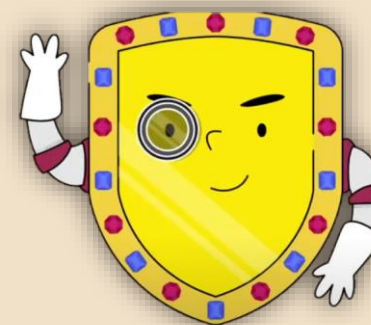
3

Customer Due Diligence (CDD) and Cash Transaction Report (CTR)



4

Enhanced Customer Due Diligence (ECDD)



Enhanced Customer Due Diligence (ECDD)

Requirements

Dealers must conduct ECDD measures on PEPs and high risk customers / transactions.



High risk country



Historical transaction records do not match customer profile



Income level, source of wealth and source of funds of the customer

ECDD Measures not Conducted on PEPs and High Risk Customers or Transactions

Case Examples: ECDD not Conducted on PEP and High Risk Customers



ECDD not conducted on customers from countries under FATF's increased monitoring list



ECDD not conducted against daughter of a foreign PEP accused of corruption



Dealers accepted customers' representation on source of funds / wealth without supporting information or documents

ECDD Measures not Conducted on PEPs and High Risk Customers or Transactions

Case Examples: Good Practices Observed



Performed ECDD when alerted by MinLaw



Conducted ECDD through discreet enquiries



Conducted CDD during account opening

Key Learning Points

Dealers should:

- 1 Have effective procedures to ensure ECDD is performed on PEPs and high risk customers / transactions
- 2 Pay closer attention to transaction or customers that exhibit red flags
- 3 Not rely solely on customers' representations
- 4 Obtain objective supporting information / documents
- 5 Conduct further due diligence where the customers' representations are inconsistent with the information collected

Mr X

- Mr X buys a **S\$100,000** piece of jewellery from you, with up-front payment in **cash**.
- After conducting **CDD**, you discover that Mr X is a foreigner in Singapore on S Pass in the construction sector. When asked, Mr X says that he is the **owner of the cash** and is not buying the jewellery on behalf of anyone else.

QUICK TEST 4

- Mr X buys a S\$100,000 piece of jewellery from you, with up-front payment in cash.
- After conducting CDD, you discover that X is a foreigner in Singapore on S Pass in the construction sector. When asked, Mr X says that he is the owner of the cash and is not buying the jewellery on behalf of anyone else.
- You should:

A. File a CTR.

B. Conduct further inquiries into X's source of funds and source of wealth.

C. Keep records of X's S Pass.

D. All of the above.

QUICK TEST 4

- Mr X buys a S\$100,000 piece of jewellery from you, with up-front payment in cash.
- After conducting CDD, you discover that X is a foreigner in Singapore on S Pass in the construction sector. When asked, Mr X says that he is the owner of the cash and is not buying the jewellery on behalf of anyone else.
- You should:

A. File a CTR.

B. Conduct further inquiries into X's source of funds and source of wealth.

C. Keep records of X's S Pass.

D. All of the above.

Mr Z

- Mr Z bought bullion at **S\$5 million** from you in one transaction, which is paid for by **bank transfer**. The value of the transaction is **much higher** than your average transaction value, which is **S\$500,000**.

QUICKTEST 5

- Mr Z bought bullion at S\$5 million from you in one transaction, which is paid for by bank transfer. The value of the transaction is much higher than your average transaction value, which is S\$500,000.
- Which of the following is correct?

A. No CDD is required as it is not a cash transaction.

B. You only need to perform CDD on Mr Z.

C. You should perform both CDD and ECDD on Mr Z.

D. Refuse the transaction as it is suspicious

QUICKTEST 5

- Mr Z bought bullion at S\$5 million from you in one transaction, which is paid for by bank transfer. The value of the transaction is much higher than your average transaction value, which is S\$500,000.
- Which of the following is correct?

A. No CDD is required as it is not a cash transaction.

B. You only need to perform CDD on Mr Z.

C. You should perform both CDD and ECDD on Mr Z.

D. Refuse the transaction as it is suspicious

Mr Z EXPLAINS

- Mr Z bought bullion at **S\$5 million** from you in one transaction, which is paid for by **bank transfer**. The value of the transaction is **much higher** than your average transaction value, which is **S\$500,000**.
- Mr Z explains that they are in the bullion trading business but fails to provide any supporting documents.

ANSWER

- Mr Z bought bullion at S\$5 million from you in one transaction, which is paid for by bank transfer. The value of the transaction is much higher than your average transaction value, which is S\$500,000.
- Mr Z explains that they are in the bullion trading business but fails to provide any supporting documents.
- You can rely on Mr Z's statement without conducting further inquiries.

TRUE

FALSE



ANSWER

- Mr Z bought bullion at S\$5 million from you in one transaction, which is paid for by bank transfer. The value of the transaction is much higher than your average transaction value, which is S\$500,000.
- Mr Z explains that they are in the bullion trading business but fails to provide any supporting documents.
- You can rely on Mr Z's statement without conducting further inquiries.

TRUE

FALSE



Enforcement Report – Mitigating Risk of ML/TF in the PSMD Sector

- To mitigate ML/TF risks, regulatory enforcement complements regulatory requirements and supervision of the sector.
- MinLaw's enforcement function aims to foster compliance and deliver fair and effective enforcement.

Key Enforcement Areas of Focus

1



Unregistered dealing

2



Compliance with requirements
of the regime



Summary of Enforcement Outcome



For period of **October 2019 to March 2021**, ACD carried out **284** enforcement checks and initiated investigations against **225** regulated dealers for a range of offences under the PSPM Act and subsidiary legislation.

ACD also carried out **257** on-site inspections to ascertain dealers' level of compliance with the PSPM Act and subsidiary legislation.



Composition action



Conditional & Stern warning



Advisory notice

Common Offences



Sold PSPM products without registration

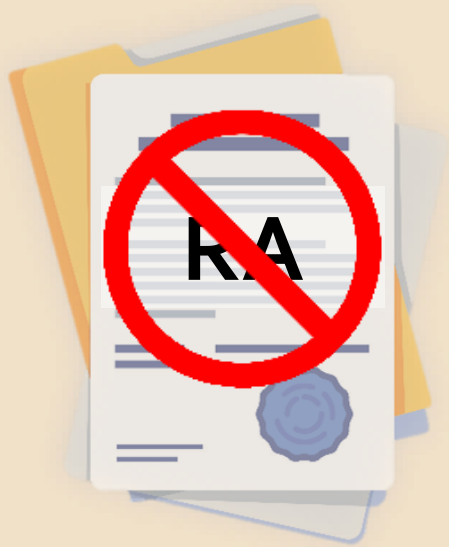


Did not file CTRs on designated transactions



Did not comply with notification requirements

Common Offences



Did not conduct risk assessment



**Did not develop or adequately
IPPC**



**Did not obtain and/or verify
customer's identifying
information**

Common Offences



Did not identify and/or verify the corporate customers



Did not identify and/or verify the beneficial owners of corporate customers





Did not conduct ECDD on PEP, high risk customers or transactions

Q&A



Evaluation Survey

	Link	QR Code
Evaluation Form	https://go.gov.sg/guidance-paper-feedback	
FAQ	https://va.ecitizen.gov.sg/cfp/customerPages/mlaw/explorefaq.aspx	
Guidance Paper	https://acd.mlaw.gov.sg/images/Guidance%20Paper_20210616.pdf	
Enforcement Report	https://acd.mlaw.gov.sg/images/Enforcement%20Report_20210624.pdf	

Thank you

Vigilance is Our Shield

