



INTEGRUM

Regulatory Update

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KEY AMENDMENTS TO AML/CFT NOTICES AND GUIDELINES

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INTRODUCTION

The Monetary Authority of Singapore (“**MAS**”) recently revised various Anti-Money Laundering and Countering the Financing of Terrorism (“**AML/CFT**”) Notices and Guidelines applicable to Financial Institutions (“**FIs**”) and Variable Capital Companies (“**VCCs**”). The revisions affect the AML/CFT framework that govern the prevention of money laundering and countering the financing of terrorism across these entities and takes effect on 01 July 2025.

This regulatory update is intended for compliance officers, money laundering reporting officers, legal teams, and senior management, and sets out key implications for FIs and VCCs arising from the MAS’s key amendments to the AML/CFT framework following the April–May 2025 consultation.

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PROLIFERATION FINANCING

Prior to the amendments, the AML/CFT Notices and Guidelines did not expressly refer to Proliferation Financing (“PF”), but PF risks were a feature of Singapore’s AML/CFT sanctions and compliance control regulatory framework.

Following the consultation, MAS amended the AML/CFT Notices and Guidelines to explicitly state that ML includes PF, and ML risks include PF risks, such that the legal requirement for FIs and VCCs to carry out ML and TF risk assessments includes PF risk assessments as well. MAS also clarified that PF risk assessments should generally be performed as soon as possible (if not already being carried out) and can be carried out either on a standalone basis or as part of ML/TF risk assessments already being conducted.

This aligns with Financial Action Task Force (“FATF”) standards requiring FIs and designated non-financial businesses and professionals to consider PF risks and reflects MAS’ longstanding supervisory expectations and guidance on counter-proliferation financing. FIs and VCCs should also refer to the [AML/CFT Industry Partnership](#) (“ACIP”) best practice papers on PF that contain typologies, risk indicators, etc.

TRUST AND COMPLEX LEGAL ARRANGEMENTS

Prior to the amendments, MAS Notice TCA-N03 applicable to trust companies defined a “trust relevant party” to include the settlor, trustee, beneficiaries, and any person who had any power over the disposition of any property that is subject to trust. Post amendments, “trust relevant party” now also include:

- the protector who is appointed to oversee the actions of the trustee, often with powers to approve, veto, or direct certain trustee decisions;
- classes of beneficiaries and objects of power who are potential recipients of trust assets through discretionary powers, and
- individuals with powers to manage or distribute trust assets.

The amendments also include a new definition of an “object of a power”, as a person who:

- is a member of a class of possible beneficiaries under the trust; and
- is reasonably expected to benefit from the trust, whether or not because the settlor refers to the person as a potential beneficiary in a document relating to the trust such as a letter of wishes (“LOW”)¹, or the class of possible beneficiaries has narrowed for any reason.

Further amendments were also made to section 6.14 to 6.16 of TCA-N03 relating to identification and verification of identity of effective controllers which now applies to all trust relevant parties of trust or a similar arrangement. The revisions also specify the collection of certain information of the legal arrangement such as full name, unique identifiers, trust deed (or equivalent), purpose for which arrangement was set up, and place where legal arrangement is administered.

¹ MAS maintains the inclusion of the LOW in the definition of an “object of a power”. This is because, while an LOW is not binding, according to the FATF, such LOW: (i) provides guidance to the trustee on how the settlor would like the trust to be administered and is given significant weight in practice; and (ii) may clearly indicate a person as being a beneficiary or an object of a power, and include their identification details. Identification and verification timing for beneficiaries and objects of a power is clarified to occur as soon as reasonably practicable after they become identifiable and, in any case, before any distribution or when vested rights are exercised.

SUSPICIOUS TRANSACTION REPORTING

Previously, the AML/CFT Guidelines set out supervisory expectations for FIs and VCCs to ensure that their internal process for evaluating whether a matter should be referred to Suspicious Transaction Reporting Office (“**STRO**”) via a Suspicious Transaction Report (“**STR**”) is completed without delay and should not exceed fifteen (15) business days of the case being referred by the relevant employee or officer, unless the circumstances are exceptional or extraordinary. Under the revised requirements, STR should not exceed five (5) business days after suspicion was first established, unless circumstances are exceptional. In cases involving sanctioned parties and parties acting on behalf or under the direction of sanctioned parties, FIs and VCCs should file an STR as soon as possible, and no later than one (1) business day after suspicion was first established. Where further suspicion is raised in relation to the customer or any transaction for that customer, an assessment should be conducted on whether the filing of a further or supplementary STR to report further suspicion is warranted.

The revised Guidelines also clarified that ‘establishment of suspicion’ refers to the point in time where an FI or VCC concludes that the filing of an STR is warrant based on available information, circumstances, and its investigations.

Additionally, the revised Notices removed the requirement to routinely provide MAS a copy of every STR filed with the STRO. Instead, FIs and VCC must provide a copy to MAS upon request.

SCREENING

Screening has been fundamental to FIs and VCCs as a preventive measure to identify ML/TF risk concerns associated with their customers, and commercial databases from vendors are widely used for such purposes. MAS clarified in the revised Guidelines that where necessary, ML/TF information sources used for screening should also include pertinent search engines, where appropriate, to identify adverse information on individuals and entities. A risk-based approach may be adopted to determine when additional screening against pertinent search engines to address potential limitations or gaps in existing screening tools is appropriate. Take for example, the case where there is an apparent match in relation to material ML/TF concerns about the person screened, but further information is necessary to determine whether the apparent match is a positive match. In such a case, screening against pertinent search engines, such as internet-based search engines predominantly used in countries or jurisdictions closely associated with the nationality, residence or source of wealth of the person screened (as available), may be appropriate.

This amendment was not intended to pose a significant additional burden on FIs or VCCs nor to require additional staff or vendor solutions. Instead, this amendment was intended to provide guidance around the conduct of additional screening to address potential limitations or gaps in existing screening tools, which guidance should be applied on a risk-based approach, where appropriate.

MAS on the other hand, removed from the Guidelines the expectations to conduct screening in native language(s) of the person screened acknowledging the challenges in such process. This is a welcome update, as scanning in native languages can be difficult to properly analyze given translation software limitations.

SOURCE OF FUNDS AND SOURCE OF WEALTH

Source of Funds (“SOF”) and Source of Wealth (“SOW”) are crucial step for FIs and VCCs in assessing the legitimacy of the customers’ assets. MAS recognizes that it is important for FIs and VCCs to form an understanding of the customer’s entire body of wealth, including how the customer built up or obtained the seed money that generated subsequent wealth, to guard against the risk of dealing with illicit assets. The revised guidelines therefore clarified that SOW includes seed money that is generated subsequent wealth and gifts or other assets (if any) received by the customer and beneficial owner.

The revised Guidelines also clarify that FIs and VCCs must corroborate customers’ SOW and SOF using appropriate and reasonable means. Examples include trust deeds, salary slips, tax returns, bank statements, audited financials, wills, conveyancing documents, and credible public sources. A risk-based approach should be applied, with greater focus on sources that are material or pose higher ML/TF risks. Independent and reliable sources should be used where possible. If relying on non-independent sources (e.g., customer representations or assumptions), FIs should exercise prudence in the use of such sources, which may need to include additional checks against alternative information sources to determine whether such information, representation, assumptions, or benchmarks are reasonable and reliable, and should be documented and periodically reviewed. FIs and VCCs should also make sure the assumptions and benchmarks facilitate its assessment of the plausibility of the customer or beneficial owner’s source of wealth or source of funds and should not be used to justify or support circumstances or explanations provided by the customer or beneficial owner.

If FIs and VCCs cannot corroborate a material or higher-risk SOW/SOF, they must assess whether the residual risk is acceptable and consider applying additional risk-mitigation controls. These may include senior management approval to onboard or continue the relationship and enhanced ongoing monitoring.

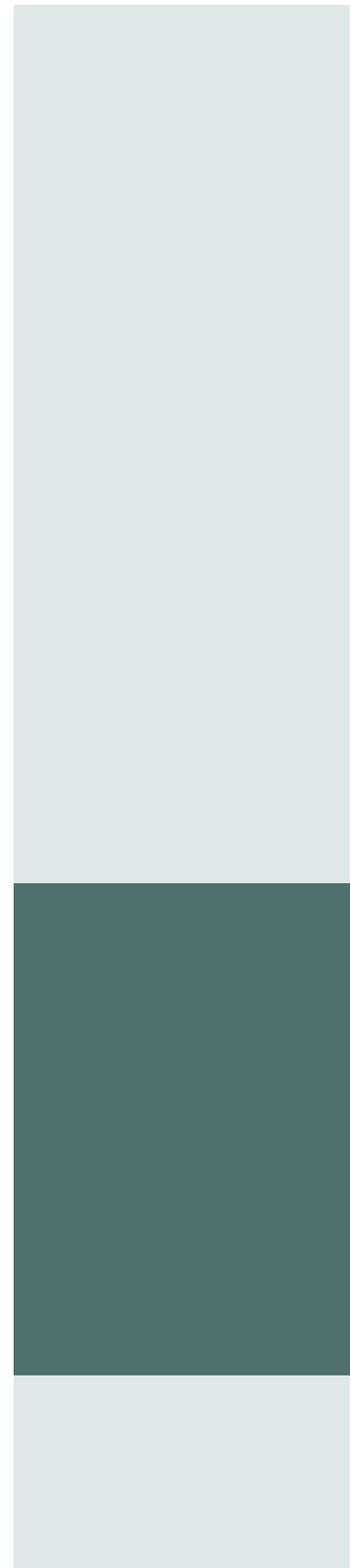
Where a customer’s SOW includes gifts or assets received from third parties, FIs and VCCs must establish the legitimacy and plausibility of such transfers. This includes verifying the relationship between the parties and reviewing supporting transactions using reliable independent sources. The plausibility of the third party’s own SOW should also be assessed, and where gaps remain, residual risks should be evaluated and additional mitigation considered (such as senior management approval and ongoing monitoring).

FIs and VCCs must determine whether the customer’s and beneficial owner’s SOW/SOF are plausible and legitimate based on all information collected. If plausibility cannot be established, they should consider terminating the relationship and assessing whether an STR is warranted.

Attention should be paid to changes in the customer’s risk profile, information and/or transactions that would warrant corroboration of the customer’s and any beneficial owner’s SOW and SOF. Such corroboration should be conducted in a timely manner.

OTHER AMENDMENTS

Aside from amendments to the AML/CFT Guidelines highlighted above, the revised Guidelines also clarify and reflect MAS’ supervisory expectations and guidance over the years. Other amendments to the Guidelines include, but not limited to, the following.



1. Risk assessment reports that FIs and VCCs should consider as part of their enterprise-wide ML/TF risk assessment process include the Money Laundering National Risk Assessment Report, the Terrorism Financing National Risk Assessment Report, the Proliferation Financing National Risk Assessment Report, and other risk assessment reports.
2. Customers who exhibit characteristics of higher risk shell company should be considered under the higher-risk category. Some examples added in this context include, but not limited to, the following:
 - foreign-incorporated companies with no business presence or activities in Singapore seek to open accounts in Singapore (including through a nominee arrangement);
 - unclear economic purpose for linking a common individual / address to multiple companies – multiple companies are linked to the same registered address, where the address is not in line with and/or fit for the companies' nature of business;
 - unrelated third parties (e.g., foreigners) added to operate account after account opening – directors are changed, post-account opening, to allow unrelated third parties to operate the account.
 - superficial corporate websites inconsistent with scale of business – companies (including newly incorporated companies) that are stated to be involved in a wide range of activities without a dominant product/expertise.
3. Inclusion of participation in a tax amnesty programme as red flag. Where relevant, FIs and VCCs should file an STR indicating that the customer has participated in TAP and what account(s) has been declared under the TAP. FIs should also adopt a risk-based approach to determine whether to conduct a review of that customer's account(s). If the review raises grounds of suspicion, file a further STR with findings where appropriate.

CONCLUSION

The amendments to MAS's AML/CFT framework mark a notable increase in regulatory expectations. FIs and VCCs are encouraged to take timely steps to align their compliance programmes with a more proactive approach. FIs and VCCs should revise their applicable policies and internal controls accordingly.

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