



Singapore has undertaken significant steps to enhance its approach towards Anti-Money Laundering (“AML”) and the relevant legal frameworks and policies.

On 6 August 2024, Parliament debated and passed the Anti-Money Laundering and Other Matters Act (“**Act**”). The Act was assented to by the Singapore president on 26 August 2024 and came into partial effect on 14 November 2024.¹ The Act will come into full effect on a date to be appointed by the Minister and notified in the Gazette.

The Act aims to achieve three main objectives:

- a) to enhance law enforcement agencies’ abilities to prosecute money laundering offences;
- b) to clarify and improve the processes in dealing with seized properties linked to suspected criminal activities; and
- c) to align the AML and Combating the Financing of Terrorism (“**CFT**”) framework for casino operators with the Financial Action Task Force (“**FATF**”) standards.

Together with the legislative amendments, the Government has also signalled an intention to continue to review and enhance AML policies and frameworks:

- (a) On 4 October 2024, the Government published the Inter-Ministerial Committee’s (“**IMC**”) report detailing the findings and recommendations of the IMC following a review of Singapore’s AML framework.²
- (b) On 30 October 2024, the Government published its National AML Strategy, setting out the Government’s approach to address money laundering risks, and serves as a guide to the

¹ Section 2 to 6, 9 to 13, 16(a), (b) and (d) to (l), 17 to 21, and 23 of the Act came into effect on 14 November 2024 as part of the phased commencement.

² Monetary Authority of Singapore, “**Inter-Ministerial Committee Publishes Recommendations to Strengthen Singapore’s Anti-Money Laundering Framework: ‘Proactive Prevention, Timely Detection, Effective Enforcement’**” (4 October 2024) <<https://www.mas.gov.sg/news/media-releases/2024/imc-report>>.

Government's risk-targeted actions to combat money laundering amidst rapidly changing risks and criminal typologies.³

This article will elucidate the Act's contents and implications. Specifically, it will discuss the changes to the prosecutorial role, alignment with FATF standards, and concerns about maintaining Singapore's competitiveness, increased compliance costs for businesses, and data sharing regulations. This article will also briefly touch on the IMC's report as well as the Government's National AML Strategy published in October 2024.

Lastly, this article will conclude by examining Singapore's AML legislation to date and shedding light on its future trajectory.

Effects of the Act

1. Enhancing law enforcement agencies' ability to prosecute money laundering offences

The Act introduces three key amendments to the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992 ("**CDSA**"). These amendments came into effect on 14 November 2024.

Firstly, it is now easier for the prosecution to discharge their burden of proof for money laundering offences. Previously, the prosecution had to prove, as a physical element of the offence, that the property was in fact the benefits of drug dealing or the benefits from criminal conduct (as the case may be). This requirement has now been removed by section 11 of the Act, which amends section 56 of the CDSA.

Secondly, certain foreign environmental crimes have been designated as predicate offences for money laundering. Section 13 of the Act has thus introduced a Third Schedule to the CDSA designating these crimes as predicate offences, allowing law enforcement agencies to investigate money laundering offences if it is suspected that the monies in Singapore had been derived from such environmental crimes overseas.

Thirdly, cross-agency data sharing processes were improved. sections 18 – 21 of the Act introduced amendments to the Free Trade Zones Act 1966, Goods and Services Tax Act 1993, Income Tax Act 1947, and the Regulations of Imports and Exports Act 1995 respectively. Under these amendments, the Inland Revenue Authority of Singapore ("**IRAS**") and Singapore Customs ("**Customs**") are now allowed to share tax and trade data respectively with Singapore's Financial Intelligence Unit. This in turn enables the police's Suspicious Transaction Reporting Office ("**STRO**") to provide better financial intelligence to agencies for appropriate enforcement action.

³ Monetary Authority of Singapore, "**National Anti-Money Laundering Strategy Singapore 2024**" (30 October 2024) <<https://www.mas.gov.sg/-/media/mas-media-library/publications/monographs-or-information-paper/amld/2024/singapore-national-aml-strategy.pdf>>.

Section 10 of the Act also amended the CDSA to allow any AML/CFT regulator to have access to suspicious transaction reports (“**STR**”s) filed by their respective regulated entities, so as to be able to take more effective regulatory actions.

2. Clarifying and improving processes to deal with seized properties linked to suspected criminal activities

Another significant change concerns the ability of law enforcement authorities to deal with seized property.

Firstly, the Act now allows for the disposal of seized property without requiring the consent of all relevant parties. Previously, authorities could not sell such property without the consent of all parties involved. This incurred costs by agencies to manage and maintain the property, and the assets’ value also tended to depreciate over time.

Hence, under sections 14 – 16 of the Act, the Court can now order the sale of a seized or restrain property even without parties’ consent if:

- (a) the value of the property is likely to depreciate or undue costs are involved in maintaining the property; or
- (b) if the sale would be in the interests of justice.

Secondly, the Act’s amendments dealt with properties in cases where the suspect has absconded. Previously, the Criminal Procedure Code 2010 (“**CPC**”) allowed the Court to release a seized property if the property was not required for any investigation or legal proceeding.

However, it is not uncommon for suspects to have left Singapore, thereby stalling investigations and rendering it difficult for the Police to justify the continued seizure of the property. In addition, an absconded person was also allowed to lay a claim to a property through a legal counsel or another innocent individual, while themselves refusing to return to Singapore to cooperate with investigations.

As such, sections 16 – 17 of the Act amended the CPC to clarify that:

- (a) the Court must not dispose of the properties if there are any pending investigations into an absconded person, regardless of the progress of the investigation; and
- (b) the absconded person must personally present themselves to the law enforcement agency for investigations before they can make a claim to the seized properties.

3. Aligning Singapore’s AML/CFT framework for casino operators with FATF standards

The Act also introduced amendments to the Casino Control Act 2006 to align it with the FATF recommendations.

Section 2 of the Act requires casino operators to conduct more stringent Customer Due Diligence (“**CDD**”) checks on patrons at the point of transaction. Section 2 of the Act lowers the threshold for CDD checks from the previous threshold of single cash transactions involving \$10,000 or more, or

deposits into a deposit account involving \$5,000 or more, to now cover single cash transactions or deposits **involving \$4,000 or more**.

Additionally, section 3 of the Act empowered the Gambling Regulatory Authority of Singapore to introduce additional requirements for casino operators to detect or prevent the financing of proliferation of weapons of mass destruction.

Analysis of the Act

Having outlined the relevant amendments to the Act, below are the respective implications and potential consequences:

1. Alignment with the FATF

The Act was designed to better align Singapore's AML policy with the international standards set by the FATF. The FATF is an intergovernmental organisation that tackles money laundering and terrorist financing, providing a consistent framework of measures for countries to implement through its Recommendations (referred to as the "**FATF Recommendation**").

Lowering the threshold for CDD checks by casinos to S\$4,000, for instance, was in line with FATF Recommendation.

Moreover, in accordance with FATF Recommendation 1, Parliament also adopted a risk-based approach in designating foreign environmental crimes as predicate offences.⁴ Previously, there was no legislative provision allowing law enforcement agencies to investigate such crimes overseas, as crimes such as illegal logging, mining and wildlife trade were not applicable in the domestic context.

However, now that these crimes have been assessed to pose a higher risk of their proceeds being laundered in Singapore, the legislative ambit has been expanded to allow authorities to investigate and prosecute money-laundering offences relating to them.

Money laundering operations are often complex, multi-jurisdictional affairs, requiring the collective effort of different countries to tackle them effectively. By aligning itself with FATF standards, Singapore demonstrates its commitment to participating in global anti-money laundering efforts. This alignment enables Singaporean authorities to investigate a broader range of offenses that may not be crimes within Singapore's jurisdiction.

2. Changes to the Prosecutorial Role

In recent years, Parliament has moved towards easing the discharge of the prosecutorial burden for money laundering cases involving overseas crimes. In November 2018, Parliament passed the

⁴ A predicate offence is a crime that is a component of a more complex criminal activity and it serves as the underlying criminal act that generates proceeds or funds for the subsequent illegal activity. (as defined in <<https://aml-cft.net/library/predicate-offence/>>)

Serious Crimes and Counter Terrorism (Miscellaneous Amendments) Act 2018. This Act allowed the Courts to decide, based on evidence presented by the Prosecution, that a serious offence had been committed in a foreign jurisdiction, without having to rely on foreign governments or experts.⁵

Section 11 of the Act takes this a step further by making it clear that it is now sufficient for the Prosecution to prove beyond a reasonable doubt that the accused *knew or had reasonable grounds* to believe they were dealing with criminal proceeds. The Prosecution no longer has to prove that the proceeds were, in fact, from criminal activity.

Comparison with other jurisdictions

In comparison, for a defendant to be criminally culpable in the United States, the prosecution must prove that:

- (a) The defendant conducted a financial transaction with *knowledge that the property involved represents the proceeds of unlawful activity*; and
- (b) The property must also have been derived from the specified unlawful activity.⁶

Similarly in the United Kingdom, the prosecution must also prove that the property in question *is in fact* criminal property.⁷

Singapore's removal of this requirement thus represents a significant development in the legislation. It also echoes an increasing global trend to clamp down on money laundering and related offences. Hong Kong, a similarly internationally connected hub for finance and trade in Asia, already abolished the requirement for the prosecution to show that the property in question was the actual proceeds of criminal conduct.⁸ This has been recently affirmed by Hong Kong's highest court in 2016.⁹

Meanwhile, the Council of Europe's Warsaw Convention¹⁰ called on its State Parties in 2021 to reverse the burden of proof regarding the lawful origin of alleged proceeds or other property liable to confiscation in serious offences. That is to say, the accused has to demonstrate the origin of particular proceeds liable to confiscation, instead of the prosecution having to prove its connection to criminal activity. At least sixteen countries have already committed to applying this article.

3. Other concerns regarding the Act

- (a) Retaining competitiveness

⁵ See Section 12 of the Serious Crimes and Counter Terrorism (Miscellaneous Amendments) Act 2018.

⁶ 18 U.S. Code § 1956(a)(1).

⁷ Section 340(3) Proceeds of Crime Act 2002.

⁸ Section 25(1) Organised and Serious Crimes Ordinance.

⁹ *HKSAR v Yeung Ka Sing* [2016] HKCFA 52.

¹⁰ Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.

The greatest challenge in enacting AML policies is striking the right balance between regulating suspicious transactions and maintaining Singapore's attractiveness as a business and finance hub.

During the debate on the Act, MP Foo Mee Har highlighted concerns that the prolonged account opening processes and multiple layers of checks by banks have been perceived by some as "*disproportionate and not commensurate with the assessed level of risk*".

(b) Increased compliance costs

MPs also raised concerns about ensuring that AML requirements are not overly demanding on businesses.

NMP Neil Parekh specifically addressed the challenges faced by SMEs, expressing that implementing stringent AML measures can be financially burdensome as it "*requires significant investments in technology, staff training, and process changes*".

(c) Data sharing

Inevitably, increased data sharing would mean an increased risk of data breaches, especially for sensitive financial information.

However, Mrs. Teo reassured members that there would be strong legal safeguards in place to protect the relevant tax and trade data. For example, only selected STRO personnel are authorised to request such data for IRAS or Customs, and are strictly prohibited from onward sharing of the data.

Additionally, the STRO can only share the results of its analyses of tax and trade data; where law enforcement agencies require specific tax and trade data for investigations or prosecution, they must be separately requested from the data owner.

These information security protocols are regulated by the relevant legislation, and serve to protect the confidentiality of data received by the STRO.

The IMC's Recommendations and the National AML Strategy

1. The IMC's Review and Recommendations

The IMC was set up in November 2023 to review Singapore's AML framework. The IMC then convened a review, focusing on five key areas:¹¹

(a) How to better prevent money launderers from misusing corporate structures.

¹¹ Monetary Authority of Singapore, "**Inter-Ministerial Committee Publishes Recommendations to Strengthen Singapore's Anti-Money Laundering Framework: 'Proactive Prevention, Timely Detection, Effective Enforcement'**" at page 12 (4 October 2024) <<https://www.mas.gov.sg/news/media-releases/2024/imc-report>>.

- (b) How financial institutions can enhance their controls and collaborate more effectively with one another and the authorities to guard against and flag suspicious transactions.
- (c) How other gatekeepers in the system, like corporate service providers, real estate salespersons and estate agencies, and precious stones and precious metals dealers can better guard against money laundering risks, including the adequacy of the existing regulatory framework over these players.
- (d) How to better centralise and strengthen monitoring and sense-making capabilities across government agencies to detect suspicious activities.
- (e) How to strengthen enforcement levers and capabilities to enable firm and decisive actions against money launderers, including depriving them of ill-gotten proceeds.

The IMC's review then identified various recommendations to strengthen Singapore's AML framework. These include, but are not limited to the following:

(a) Proactive prevention

(i) Strengthening AML standards for gatekeepers:

- (a) Following the amendments to the Precious Stones and Precious Metals (Prevention of Money Laundering, Terrorism Financing and Proliferation Financing) Act 2019 ("**PSPM Act**") in February 2024, precious products dealers are now required to conduct CDD checks and file cash transaction reports on transactions involving a broader range of precious products.¹²
- (b) The Casino Control Act 2006 has been amended to reduce the threshold for CDD checks. Consequently, casino operators are now required to conduct CDD on more transactions.

(ii) Further support for gatekeepers to enhance their capabilities to combat money laundering.

(iii) Engaging non-regulated sectors (i.e. those dealing with high-value goods) to enhance their understanding of the money laundering risks.

(iv) Strengthening mechanisms to deter the misuse of companies:

- (a) In July 2024, the Corporate Service Providers Act 2024 (the "**CSP Act**") was introduced to enhance the regulatory framework for Corporate Service Providers ("**CSP**"). Key changes include (a) requiring all entities carrying on a business in Singapore of providing corporate services to be registered with ACRA as a CSP,¹³ (b) increasing sanctions for non-compliance by CSPs of their AML obligations from the existing financial penalty of \$25,000 to a fine

¹² Section 2 of the PSPM Act and Regulation 2A of the Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Regulations 2019. See also Ministry of Law, "**Amendments to the PSPM Act and Subsidiary Legislation with effect from 1 May 2024**" (02 May 2024) <<https://acd.mlaw.gov.sg/news/notices-from-the-registrar/amendments-to-the-pspm-act-1-may-2024/>>

¹³ Section 7 of the CSP Act.

up to \$100,000,¹⁴ and (c) potentially personal liability for the senior management of CSPs for such breaches under certain circumstances.

- (b) The CSP Act introduces amendments to the Companies Act 1967 and now mandates that an individual can only act as a nominee director if the nominee directorship was arranged by a CSP, or if the individual is the sole proprietor of a CSP. A breach of this requirement will result in a fine not exceeding \$10,000.¹⁵
- (c) The CSP Act also now prohibits a CSP from arranging an individual to act as a nominee director of a company unless it is satisfied that the person is fit and proper.¹⁶

(b) Improving timely Detection

- (i) Strengthening sensemaking and information-sharing within the government.
- (ii) Deepening channels for data sharing amongst and with gatekeepers.

(c) Maintaining effective Enforcement

- (i) Enhancing legislative levers for law enforcement agencies to better pursue and prosecute money laundering offences.
- (ii) Continuously reviewing penalty frameworks to ensure that they remain proportionate and dissuasive.
- (iii) Strengthening inter-agency coordination to enable swifter and more effective action against illicit money laundering activities.

2. The National AML Strategy

Arising from the IMC’s recommendations, the Government published the National AML Strategy on 30 October 2024.¹⁷ The National AML Strategy sets out Singapore’s objective in relation to its AML framework – that is, to maintain an effective, risk-based and proportionate AML framework.

The National AML Strategy also underscores the three key pillars of Singapore’s AML framework of (a) prevention, (b) detection, and (c) enforcement.

¹⁴ Section 17 of the CSP Act.

¹⁵ Section 38(b) of the CSP Act.

¹⁶ Section 16 of the CSP Act.

¹⁷ Monetary Authority of Singapore, “**National Anti-Money Laundering Strategy Singapore 2024**” (30 October 2024) <<https://www.mas.gov.sg/-/media/mas-media-library/publications/monographs-or-information-paper/amld/2024/singapore-national-aml-strategy.pdf>>.

The three pillars are then in turn supported by three inter-dependent building blocks: (a) Whole-of-Society Coordination & Collaboration, (b) Legal & Regulatory Framework and (c) International Collaboration.

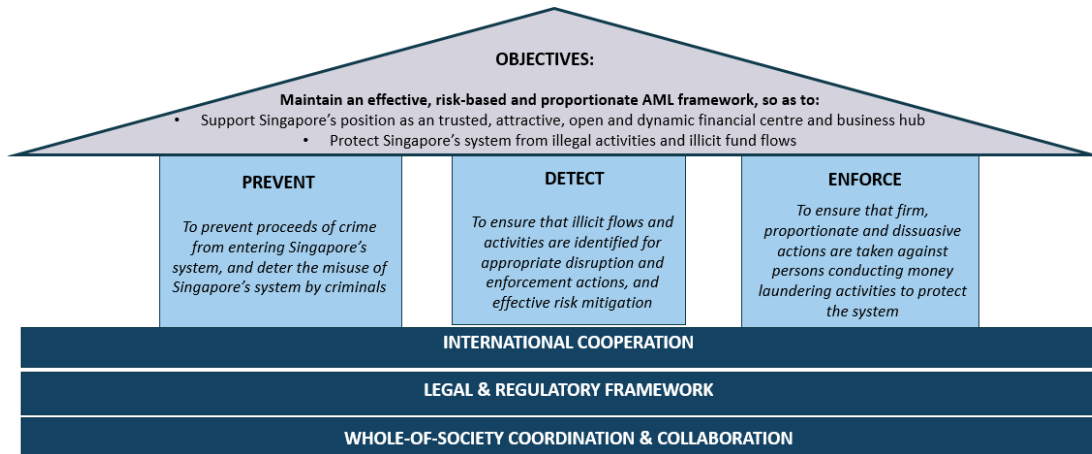


Figure obtained from [1.6] of the National AML Strategy

Highlighting key updates and upcoming changes below:

(a) Whole-of-Society Coordination & Collaboration

- (i) The Government will be developing a Whole-of-Government (“**WOG**”) data sharing interface, termed, the National AML Verification Interface for Government Agencies Threat Evaluation (“**NAVIGATE**”). At present, various WOG structures and coordination are in place as detailed further in [2.3] – [2.8] of the National AML Strategy. NAVIGATE will allow agencies to seamlessly screen against one another’s databases and assess entities of concern for money laundering risks.
- (ii) The Government will also establish an AML Sensemaking workgroup to oversee operations-technology and capability development across government agencies. This AML Sensemaking workgroup will support WOG sense-making efforts by ensuring that the agencies’ policies and processes are up-to-date, and robust against emerging and sophisticated money laundering typologies. This also complements the case coordination work overseen by the AML Case Coordination and Collaboration Network (“**AC3N**”).
- (iii) These WOG efforts will also be complemented with engagements and collaboration with private sector. This will be done through various regular engagements and outreach, collaboration and sharing of typologies and best practices, and public-private partnerships. The public-private partnerships will be for the purposes of identification, assessment of risks and mitigation measures (e.g. the AML/CFT Industry Partnership).

(b) Legal & Regulatory Framework

- (i) Singapore will continue to review its AML framework.
- (ii) To ensure a consistent baseline in AML/CFT requirements across sectors, sector supervisors¹⁸ will be clarifying the requirements in the real estate and legal sectors to conduct CDD and ongoing monitoring of their clients.
- (iii) In particular, it will be made clear the need to identify and take reasonable measures to verify the identities of the individuals that their clients may be acting on behalf of.
- (iv) The AML/CFT requirements of the real estate sector will also be further enhanced to ensure that CDD checks are conducted on both buyers and sellers of properties.

(c) International Cooperation

- (i) Singapore's international cooperation efforts in AML are focused on (a) participation in and contribution to the development of international standards and (b) the provision of and request for assistance via formal and informal channels.
- (ii) Singapore will continue to leverage on international cooperation and providing timely and quality assistance to actively tackle money laundering activities.
- (iii) In addition to leveraging on international cooperation, Singapore will also be implementing various enhancements to the legal framework.

In particular, the Mutual Assistance in Criminal Matters Act ("**MACMA**") will be amended to improve Singapore's ability to provide and request for assistance in international criminal cooperation. This includes, conferring Singapore law enforcement agencies the power to take statements from witnesses and suspects in relation to requests relating to foreign criminal investigations.

(d) Prevention

- (i) To raise collective risk awareness, Singapore had conducted deep dive assessments on the risk posed by legal persons and legal arrangements.¹⁹
- (ii) To enhance beneficial ownership transparency and prevent companies and legal arrangements from being abused for ML purposes:
 - i. ACRA will be developing the next phase of Singapore's beneficial ownership framework for legal persons.

¹⁸ Under the sector specific legislation, sector supervisors have powers to supervise and take actions against their respective sectors. See Diagram 2 on page 15 of the National AML Strategy for a summary of AML/CFT obligated entities and sector supervisors.

¹⁹ Monetary Authority of Singapore, "**Money Laundering, Terrorism Financing, and Proliferation Financing Risk Assessments**" (published 30 October 2024) < <https://www.mas.gov.sg/regulation/anti-money-laundering/ml-tf-pf-risk-assessments>>.

- ii. Risk-based measures will be implemented by ACRA to prevent at-risk companies from being misused. In particular, ACRA will continue screening prospective companies on a risk-based approach at the time of applying for incorporation. Where there are clear indicators of illegitimate activities by a prospective company and its individuals (and sufficient evidence of such), ACRA will reject the incorporation.
- iii. ACRA will actively monitor and strike off inactive companies, especially those with higher risk profiles, to address key threats arising from shell companies.
- iv. The Trustees Act will also be amended to ensure compliance with the revised FATF standards and to improve the effectiveness of the AML framework on trust beneficial ownership.

The upcoming amendments will see, amongst others, an increase in the maximum penalty for breaches of the Trustees Act and the Trustees (Transparency and Effective Control) Regulations from S\$1,000 to S\$25,000.

(e) Detection

- (i) The establishment of NAVIGATE and the AML Sensemaking workgroup reinforces Singapore's ability to detect money laundering activities (as mentioned above).
- (ii) Local authorities will continue to review the effectiveness of the surveillance tools and information sharing systems. The Monetary Authority of Singapore intends to expand the COSMIC²⁰ platform in phases. This is in line with the recommendations from IMC's review to deepen channels for data sharing among and with private sector entities.

(f) Enforcement

- (i) The Whole-of-Society coordination will enhance operational coordination and collaboration across agencies on complex money laundering cases through AC3N. This will help to coordinate actions by law enforcement agencies and sector supervisors, and reinforcing the collective AML defences.
- (ii) Asset recovery, a key priority of Singapore's AML framework will continue to be leveraged on by law enforcement agencies to deprive criminals and remove the financial incentive for committing such money laundering offences.
- (iii) Clarifications or enhancements will be made to the AML penalty frameworks by the Council for Estate Agencies (CEA), Urban Redevelopment Authority (URA) and MinLaw for their respective sectors (i.e. the real estate and legal sectors).

²⁰ The Collaborative Sharing of Money Laundering/Terrorism Financing (ML/TF) Information & Cases, launched in April 2024, a digital platform allowing financial institutions to securely share with one another, information on customers who exhibit multiple "red flags" that may indicate potential financial crime concerns, if stipulated thresholds are met.

Conclusion: The Future of Singapore's AML/CFT Regulations

Singapore has clearly been trending towards a tightening of money laundering restrictions. The CDSA has already been reviewed and updated twice in recent years, with the Serious Crimes and Counter Terrorism (Miscellaneous Amendments) Act passed in 2018 and amendments to the CDSA and Computer Misuse Act in 2023. Robust and continually evolving legislation is imperative to address the increasingly sophisticated money laundering operations here. The S\$3 billion case in 2023 highlighted the difficulty in detecting these operations, since offenders are often careful to spread their money out amongst different players, sectors, and jurisdictions. Singapore's policies must therefore develop accordingly to remain effective in addressing such offences, by enhancing authorities' abilities to both detect and prosecute them.

That said, Parliament must also be careful not to jeopardise Singapore's attractiveness as a trade and finance hub. Paradoxically, it is precisely this competitive reputation that attracts both legitimate businesses and money launderers. Over-regulation may thus deter not only money launderers but also legitimate investors and businesses. In light of the new AML legislation, then, it is crucial to closely monitor any unintended economic consequences that might warrant a further review of the legislation.

Furthermore, it is crucial to ensure that changes to the prosecutorial role do not lead to the over-criminalisation of individuals who may unwittingly become involved in money laundering activities. The impact of the new, lowered prosecutorial burden of proof remains uncertain, and while it could lead to more successful prosecutions, care must be taken to prevent any injustice towards innocent parties. In light of the Act, ongoing monitoring and potential adjustments will be essential to maintain the delicate balance between effective law enforcement and economic vitality.

Further information

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