Fit and proper and the Singapore-resident management requirement

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MAS applies the Guidelines on Fit and Proper Criteria to every applicant, controller, director and chief executive. The criteria cover honesty, integrity and reputation, competence and capability, and financial soundness.[1] The questionnaire reaches back ten years and asks about regulatory investigations in any jurisdiction, disqualifications, bankruptcies and civil judgments. Founders with a history in the earlier, unregulated phase of the industry should expect detailed questions about any prior exchange, fund or token project with which they were associated, and about any customer losses in those ventures. An honest, complete disclosure with an explanation is survivable. An omission discovered by MAS is usually fatal to the application and to the individual's future prospects with the regulator.

Eligibility also requires a permanent place of business or registered office in Singapore and a board that satisfies the residency requirement. The applicant must have at least one executive director who is a Singapore citizen or permanent resident. Alternatively it may have one non-executive director with that status together with at least one executive director who holds an Employment Pass.[2] For

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DPT licensees MAS goes further in practice. It expects the chief executive, the compliance officer and the head of the custody function to be resident in Singapore and employed by the licensee, an expectation reinforced by the requirement that custody controls sit in Singapore.

Client question

"Our group chief compliance officer sits in Zug and oversees all entities. Can she be the Singapore compliance officer as well?" She can head a group function to which the Singapore officer reports. The Singapore licensee must nonetheless have its own compliance officer resident in Singapore, with authority over the Singapore AML programme and direct access to the Singapore board. MAS will ask who files suspicious transaction reports with the Suspicious Transaction Reporting Office, who answers MAS enquiries within the day, and who can stop a transaction. A compliance officer eight time zones away cannot do those things to the regulator's satisfaction. The same answer applies in the other direction when a Singapore group sets up a Swiss SRO member or a FinIA licensee: the Swiss self-regulatory organisation will require a Swiss-resident AML officer (see Part F, Chapter VIII).

Notes

1. MAS, Guidelines on Fit and Proper Criteria (FSG-G01), paras 1 to 14 and the annexes on disclosure obligations. ↩
2. MAS, "Standard Payment Institution Licence", mas.gov.sg, eligibility section on board composition (one executive director who is a Singapore citizen or permanent resident, or one non-executive director with that status plus one executive director holding an Employment Pass). ↩

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