Incomplete and non-compliant transfers

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

A Singapore licensee that receives a DPT transfer lacking the required information has three lawful responses: execute and follow up, suspend pending information, or reject and return. The notice requires a risk-based policy that says which response applies in which circumstances, and MAS expects the policy to be more restrictive for higher-value transfers and for counterparties of unknown status.[1] The blockchain introduces a complication that fiat does not have: the value has already arrived. Rejection means sending it back, which is itself a transfer subject to the rule and may itself be the laundering step if the originating address was compromised. The safer course for anything above a modest value is to suspend, credit nothing to the customer and request the information from the counterparty. If it does not arrive within a set period, the firm should consider a suspicious transaction report (Chapter IV) before deciding whether to return the funds.

Repeated receipt of non-compliant transfers from the same counterparty is itself a finding. The notice expects the licensee to take this into account in deciding whether to continue dealing with that counterparty and whether to report. A counterparty list that records the compliance history of each VASP is the tool for this, and MAS inspectors ask to see it.

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Practice note

You can implement the Singapore travel rule in a form that will also satisfy a Swiss inspector by adopting four settings. - Collect the full PSN02 information set for every transfer regardless of value, which removes the S$ 1,500 distinction from your systems. - Require signed-message proof of control before any withdrawal to an unhosted wallet, which satisfies FINMA Guidance 02/2019 and exceeds the MAS expectation. - Maintain one counterparty VASP register with a status for each counterparty that both entities use. - Retain travel-rule data for ten years, the longer of the two statutory periods. The cost is a small loss of convenience for Singapore retail customers. The gain is a single control that passes inspection in both hubs.

Notes

1. MAS Notice PSN02, para. 13, on risk-based policies and procedures for determining when to execute, reject or suspend a value transfer lacking required originator or beneficiary information. ↩

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Author contact: Dr Alexander Ressos, TEP · contact@ressos.com

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