Singapore IV: AML/CFT and Compliance

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Anti-money-laundering law is the part of Singapore's digital-asset regime that decides whether a business survives contact with its own customers. A payment services licence can be obtained with capital, a business plan and patience. Keeping it depends on a daily discipline that the Monetary Authority of Singapore (MAS) inspects more closely than any other aspect of a digital payment token (DPT) business. The reason is historical. The one failure Singapore has never forgiven in its financial centre is the laundering of foreign criminal proceeds through its institutions. The August 2023 arrests that exposed more than S$ 3 billion of tainted assets confirmed that priority for a decade to come.

This Part sets out the Singapore anti-money-laundering and counter-terrorism-financing (AML/CFT) system as it applies to DPT service providers, digital token service providers and the lawyers, trustees and compliance officers who work with them. It begins with the architecture (the statutes, the MAS notices and guidelines, the FATF layer), then works through the operational duties in the order in which a compliance officer meets them: customer due diligence, the travel rule, suspicious transaction reporting, sanctions. The S$ 3 billion case and the enforcement record receive their own chapters because they explain how MAS and the Commercial

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Affairs Department actually behave. The closing chapter turns to the problem that most readers of this book face in practice: running one AML programme across a Zug entity supervised by a Swiss self-regulatory organisation and a Singapore entity holding a major payment institution licence.

The Swiss counterpart to this Part is Part F. Where the two regimes are compared, the comparison is made here from the Singapore side and in Part F from the Swiss side, so that each Part can be read on its own. Part K covers the licensing perimeter under the Payment Services Act 2019 and the Financial Services and Markets Act 2022. Part N covers criminal enforcement and asset recovery, while Part M covers the tax predicates. This Part refers to those Parts where the subject crosses over and does not repeat them.

Two warnings for the civil-law reader. First, Singapore's AML law is layered in a way that has no Swiss equivalent. The criminal duties sit in Acts of Parliament. The detailed conduct duties sit in MAS notices that have the force of law, while the interpretation sits in MAS guidelines that do not bind but are in practice decisive. A compliance officer who reads only the Act will miss most of the rules. Second, the standard applied in Singapore is that of the "reasonable financial institution", and MAS tests it through on-site inspections and thematic reviews. Paper compliance is detected quickly. The practice notes in this Part are written for readers who want to pass that test.

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