The compliance officer

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PSN02 requires the appointment of an AML/CFT compliance officer at management level, with sufficient resources, independence and access to information to perform the role.[1] In licensing practice MAS adds requirements that the notice does not state. The compliance officer should be resident in Singapore, should be dedicated to the Singapore licensee and should have relevant experience. MAS assesses these points as part of the fit-and-proper review of the licence application and on any change in the role.[2] A group compliance officer sitting in Zug who covers the Singapore entity from a distance does not satisfy MAS. A Singapore-based officer who reports to the group head of compliance for policy and to the Singapore board for the discharge of statutory duties does.

The role in a DPT firm has a technical dimension that MAS has come to expect. The officer must understand the on-chain analytics the firm uses and must be able to read a transaction graph. The officer must know how the firm's wallets are structured. Above all, the officer must be able to explain to an inspector how a travel-rule message, an address screen and a transaction-monitoring alert relate to a single customer transfer. Officers hired from the banking sector without this knowledge have struggled in inspections, and MAS has in several cases required firms to strengthen the function as a licence condition.

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Individual accountability

MAS's Guidelines on Individual Accountability and Conduct, in force since 10 September 2021, apply to payment service providers and set five outcomes. Senior managers are clearly identified and responsible for their areas. They are fit and proper. Governance arrangements support their accountability. Material risk personnel are fit and proper and subject to incentive structures that align with conduct. The firm has a framework promoting good conduct.[3] For a DPT licensee the compliance officer is a senior manager in this sense, as are the heads of operations, technology and the business. The firm must have a document that names them and describes their responsibilities. It must show how the board holds them to account. In enforcement, the guidelines are the basis on which MAS identifies the individuals against whom a prohibition order or a reprimand is directed. The individual exposure of a compliance officer in Singapore is real and the role should be accepted on that understanding.

Notes

1. MAS Notice PSN02, para. 16, on the appointment of an AML/CFT compliance officer at the management level and the provision of adequate resources and authority. ↩
2. MAS, Guidelines on Fit and Proper Criteria (Guideline No. FSG-G01), as applied to key officers of payment service providers; MAS licensing practice as described in Part K, Chapter II requires at least one executive director resident in Singapore and a Singapore-based compliance function. ↩
3. MAS, Guidelines on Individual Accountability and Conduct, 10 September 2020, effective 10 September 2021, applicable to financial institutions including payment service providers, with proportionate application for firms with fewer than 50 employees. ↩

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