

PRESS RELEASE

New Bill Introduced to Strengthen the Prevention of Money Laundering and Terrorism Financing for the Precious Stones and Precious Metals Dealers Sector

1. The Ministry of Law (MinLaw) submitted the Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Bill for First Reading in Parliament today.
2. The Bill introduces a risk-based supervisory and regulatory regime for precious stones and precious metals dealers (PSMD) to level up anti-money laundering and countering the financing of terrorism (AML/CFT) standards in the sector. The new regime will enhance the effectiveness of Singapore's AML/CFT regime, combat crime and improve security, both domestically and globally.

Background

3. Singapore has a strong regulatory AML/CFT framework for the prevention, supervision, enforcement, confiscation of the proceeds of crime, and targeted financial sanctions against terrorism and proliferation financing. There is robust supervision of the financial sector, with regular engagements fostering a deep understanding of AML/CFT issues within the industry. Designated non-financial sectors, such as pawnbrokers, are also subject to a comprehensive range of AML/CFT measures.
4. The PSMD sector is currently subject to the requirements under the cash transaction reporting regime and not subject to other AML/CFT obligations imposed on non-financial sectors, as recommended by the Financial Action Task Force (FATF). The new regime will build upon and strengthen existing measures.

Objectives of the Bill

5. The new Bill seeks to provide for the appointment of a Registrar to supervise the PSMD sector, impose a full suite of AML/CFT measures on PSMD covered under the regime ("regulated dealers"), and provide for investigation and enforcement powers, as well as penalties, for failure to abide by the requirements imposed.

Scope of the Regime

6. The Bill provides for the regulation of any person who carries on the business of dealing in precious stones, precious metals and precious products. Regulated dealers include intermediaries, such as auction houses and trading platforms, but exclude pawnbrokers, which are already subject to AML/CFT provisions under the Pawnbrokers Act.

Registration and AML/CFT Measures

7. Regulated dealers must register with the Registrar. The Registrar may refuse to grant or renew registration under various circumstances, e.g. if the dealer is not a fit and proper person in the opinion of the Registrar. Registered dealers are required to abide by the conditions of registration.

8. Regulated dealers will also be required to comply with the following measures:

- a. Transaction-based requirements, including filing cash transaction reports; filing suspicious transaction reports; performing customer due diligence (CDD) measures; and keeping records of transactions for which CDD measures are performed and information obtained through CDD measures; and
- b. Entity-based requirements, including conducting ML/TF risk assessments posed by its customers and transactions; and putting in place internal policies, procedures and controls to mitigate these risks amongst other requirements.

9. Contravention of these requirements will be punishable by a range of administrative and criminal penalties, including the suspension or cancellation of registration.

10. Certain classes of regulated dealers will be exempted from specific requirements in the Bill. For example, all MAS-regulated financial institutions will be exempted from all requirements except the cash transaction reporting requirement. The exemptions will be prescribed by order in the *Gazette*.

Working with the PSMD Sector

11. The new regime was developed in consultation with the PSMD sector and members of the public. The public consultation was held from 13 September to 12 October 2018. The proposed requirements will help regulated dealers effectively

mitigate ML/TF risks and meet the international standards set by the FATF, while managing the compliance burden.

12. Regulated dealers will be given up to six months upon the commencement of the Bill to register. To ensure that they are well-placed to comply with the new requirements proposed in the Bill, MinLaw will conduct outreach efforts to raise AML/CFT awareness, and work closely with industry associations to develop guidance materials for the sector.

About the Financial Action Task Force (FATF)

13. The FATF is an inter-governmental body established in 1989 by the relevant Ministers of its member jurisdictions. The FATF sets standards and promotes effective implementation of legal, regulatory and operational measures for combating money laundering, terrorism financing and other related threats to the integrity of the international financial system. The FATF monitors the progress of its members in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally. Singapore has been a member of the FATF since 1992.

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