THE LAW SOCIETY OF SINGAPORE

PREVENTION OF MONEY LAUNDERING, FINANCING OF TERRORISM AND PROLIFERATION FINANCING

PRACTICE DIRECTION 3.2.1

[Formerly Practice Direction (Para 1 of 2015)]

Date: 6 October 2025

Table of Contents

1. Introduction

"Legal practitioners are often, for good and legitimate reasons, the holders of large sums of money involved in commercial transactions and this means that fewer questions are liable to be asked when the lawyers pay out such sums to their clients or to third parties on their clients' instructions. Lawyers are also subject to confidentiality obligations which appeal to those who engage in money laundering activities and wish to hide their identities and activities under the cloak of legal privilege. There is thus a real risk that proceeds of crime could flow into Singapore via local law firms under the pretense of being moneys from legitimate transactions with the remitters wishing to give an appearance of legitimacy to any activity that the money is used for after being "cleansed" through the lawyer's client accounts. Given Singapore's reputation as a jurisdiction with strict controls aimed at eliminating illicit activities, it is all the more important for our solicitors, as potential fiduciary recipients of large sums of money, to understand and comply with obligations that aim to avoid exposing the profession to the risk of unintentionally assisting in the conduct of criminal activity."

Law Society of Singapore v Chan Chun Hwee Allan [2018] 4 SLR 859 at [37].

A. Status of PD

1. This Practice Direction ("**PD**") is issued by the Council of the Law Society of Singapore ("**Council**") and takes effect on 6 October 2025. This PD sets out directions and guidance on:

   (a) Part 5A of the Legal Profession Act 1966 ("**LPA**") on the "Prevention of Money Laundering, Terrorism Financing and Financing of Proliferation of Weapons of Mass Destruction"; and

   (b) the Legal Profession (Prevention of Money Laundering, Financing of Terrorism and Proliferation Financing) Rules 2015 ("**Rules**").

2. This PD supersedes all previously published practice directions of the Council. To the extent of any inconsistency between this PD and the Rules, the Rules shall prevail over this PD, as well as any guidance notes or rulings issued by the Council in relation to the Rules (Rule 29).

3. This PD and the URL links therein may be amended from time to time. Legal practitioners and law practices should refer to the latest version that is available on the Law Society of Singapore's ("**LSS**") website.

B. Terminology

4. Terms in the LPA and the Rules have the same meaning in this PD, unless the context requires otherwise.

5. The terms have the following meanings:

   (a) **You** – refers to a legal practitioner or law practice.

   (b) **Must** – refers to a specific requirement in legislation. You must comply unless there are statutory exemptions or defences.

   (c) **Should** – means that it is good practice in most situations, and these may not be the only means of complying with legislative requirements.

   (d) **May** – refers to a non-exhaustive list of options to choose from to meet your obligations.

C. Background to this PD

6. This PD has been updated to reflect the amendments made to the Rules vide the Legal Profession (Prevention of Money Laundering and Financing of Terrorism) (Amendment) Rules 2025 ("**2025 Amendment Rules**"), which came into operation on 1 July 2025.

7. A reference to a "Rule" or "Rules" in this PD is a reference to the Legal Profession (Prevention of Money Laundering, Financing of Terrorism and Proliferation Financing) Rules 2015. For convenience, where any of the Rules has been substantially amended by the 2025 Amendment Rules, the Rule shall hereinafter be referred to as a "**2025 Rule**", with the content highlighted in yellow for easy reference.

8. This PD seeks to provide practical information for legal practitioners and legal practices to aid their compliance with the LPA and the Rules and to effectively protect against money laundering, financing of terrorism and proliferation financing risks. It is not the intention of this PD to cover every eventuality in dealing with these risks.

D. Overview of key obligations under Part 5A and the Rules

Introduction

9. Part 5A of the LPA and the Rules apply to all legal practitioners in Singapore, whether an advocate and solicitor admitted to the Supreme Court of Singapore or a foreign law practitioner (section 70A LPA). Legal practitioners and law practices must familiarise themselves with Part 5A and the Rules and comply with them.

10. The terms "money laundering" ("**ML**") and "financing of terrorism" ("**FT**") are not defined in the LPA, but the term "proliferation financing" ("**PF**") is defined in Rule 2(1) as "the financing of proliferation of weapons of mass destruction".

11. ML is a process by which criminals attempt to conceal the true origin and ownership of money and other benefits derived from criminal conduct so that the money and other benefits appear to have a legitimate source. Generally, ML involves three (3) stages, in the following order:

    (a) **Placement** – This is the physical movement of the benefits (usually cash) from criminal conduct;

    (b) **Layering** – This is the process of separating the benefits of criminal conduct from the illegitimate source through layers of financial transactions to disguise the audit trail; and

    (c) **Integration** – If the layering process is successful, the integration stage will place the laundered money and other benefits back into the economy so that they appear to be legitimate.

12. FT is the funding of terrorism or terrorist groups, either via legitimate or illegitimate means. PF refers to the risk of raising, moving or making available funds, other assets or other economic resources, or financing, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons (i.e., weapons of mass destruction) and their means of delivery and related materials (including both technologies and dual use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations.[1]

> **Resource**
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> For more information on the concepts of ML, FT and PF, please refer to the anti-money laundering ("**AML**") portal on the LSS website (https://www.lawsociety.org.sg/for-lawyers/aml/) for materials which may be useful in helping you understand your obligations under Part 5A, the Rules and this PD.
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> The AML portal also provides references to various materials issued by the Financial Action Task Force ("**FATF**"), which may be useful as the Rules closely follow the Recommendations of the FATF that set out a comprehensive framework of international standards. As a FATF member, Singapore is obliged to implement the FATF Recommendations, which have been adopted by many countries around the world.

[1] See https://acd.mlaw.gov.sg/what-i-should-know/.

Legislation applicable to all persons

13. Please note that the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992 ("**CDSA**") and the Terrorism (Suppression of Financing) Act 2002 ("**TSOFA**") impose substantive legal obligations on all persons that are not necessarily connected directly with Customer Due Diligence ("**CDD**"). Their applicability is therefore **not** dependent on whether the matter is a Relevant Matter (which is explained below). Legal practitioners and law practices must familiarise themselves with the CDSA and the TSOFA and comply with the same.

CDSA

14. It is an offence under section 50 of the CDSA to assist another to retain benefits of drug dealing, and an offence under section 51 of the CDSA to assist another to retain benefits from criminal conduct. In May 2023, Parliament expanded the mens rea for these offences. Accordingly, the following mental states suffice:

- Knowing
- Having reasonable grounds to believe
- Rashly
- Negligently

15. There is also the offence of ML in certain circumstances. Of particular interest to lawyers is enabling a client to perform ML after failing to take reasonable steps to ascertain the purpose of the transaction from the client (s 55A(1)(b)(ii)(B) CDSA) and failing to take reasonable steps to ascertain the source or destination of money (s 55A(1)(b)(iii)(B) CDSA).

16. You should be cautious when receiving unusual amounts of cash from your client. In particular, bear in mind the obligation under s 62 of the CDSA which requires you to report receipt of cash exceeding the value of S$20,000.00[2] which originates from outside Singapore.

17. Persons who are not able to open bank accounts or execute transactions (e.g. they are subject to TFS) may resort to instructing lawyers to assist them in receiving and transmitting funds, taking advantage of the anonymity afforded to them by using the account in the name of the law practice.

18. Since 2022, Singapore has also imposed its own sanctions on dealings in certain items with Russia. Practitioners should be alert for attempts to evade or breach such sanctions as such actions will be predicate offences under the CDSA.[3]

TSOFA

19. Legal practitioners should refer to the TSOFA to understand what constitutes a terrorist financing offence under the TSOFA, what the prohibitions are and what the duty to disclose entails in relation to terrorist financing. Unlike money laundering, the source of terrorist financing may be legitimate or illegitimate.

20. Under the TSOFA, a terrorist is defined as anyone who commits, or attempts to commit, any terrorist act or participates in or facilitates the commission of any terrorist act. It also includes any person set out in the First Schedule of the TSOFA. The First Schedule refers to specific individuals, all individuals and entities belonging to or associated with the Taliban in the Taliban List, and all individuals and entities belonging to or associated with the Al-Qaida organization in the Al-Qaida List as maintained by the United Nations pursuant to the United Nations Security Council ("**UNSC**") resolutions.

21. TSOFA prohibits any person or entity from dealing with any property owned or controlled by, or providing property or financial or other related services while knowing or having reasonable grounds to believe that they will be used by or may benefit any terrorist or terrorist entity.

[2] Read with Regulation 2A of Corruption, Drug Trafficking and Other Serious Crimes (Cross Border Movements of Physical Currency and Bearer Negotiable Instruments) Regulations 2007 https://sso.agc.gov.sg/SL/CDTOSCCBA1992-S595-2007?DocDate=20240419#pr2A-

[3] See Advisory on Sanctions Against Russia dated 25 March 2022: https://mailchi.mp/lawsoc/advisory-on-sanctions-against-russia?e=2352106ac5.

22. Sections 3 to 6 of the TSOFA expressly prohibit the following:

(a) provision and collection of property for terrorist acts;
(b) provision of property or services for terrorist purposes;
(c) use or possession of property for terrorist purposes; and
(d) dealing with property of terrorists or terrorist entity.

23. Screening processes (including ongoing batch screenings conducted between periodic Know Your Client ("**KYC"**) reviews) to detect such persons or entities (and their relevant parties) should be in place, including due diligence checks before entering into any business relationship or transaction with such persons or entities, and on an ongoing basis (particularly when there is a new designation).

24. Any information about transactions or proposed transactions related to any property, funds, or other assets belonging to any terrorist or terrorist entity (including information that could prevent a terrorism financing offence or assist in apprehending, prosecuting or convicting someone for such an offence) should be disclosed to the Police **immediately**. No criminal or civil proceedings will be taken against a person for any disclosure made in good faith.

25. Any funds or assets related to these persons or entities should be frozen **immediately** (within 24 hours of designation) and **without prior notice**.[4] Further, you should not enter into transactions or provide services in respect of such property, and should file an STR.[5]

26. You should not inform individuals of assets frozen / STRs filed against them, or any other information or matter which will likely prejudice any proposed or ongoing investigation by the Police.

Resource

For more information, please refer to:

Singapore's Terrorism Financing (TF) National Risk Assessment (2024)
- https://www.mas.gov.sg/publications/monographs-or-information-paper/2024/terrorism-financing-national-risk-assessment-2024

Annex A: **Ministry of Law's "Information and Guidance on Countering the Financing of Terrorism**" (28 February 2025)

Counter Proliferation Financing[6] ("CPF") / Targeted Financial Sanctions ("TFS")

27. The PF risks posed by the Democratic People's Republic of Korea ("**North Korea**") and the Islamic Republic of Iran ("**Iran**") continue to be a concern for the UNSC and international community, including FATF. The UNSC has announced TFS against North Korea and Iran.[7] These sanctions are given effect to in Singapore by regulations under the United Nations Act, which prohibit specified transactions with individuals and entities designated as being involved in the proliferation of WMD and its financing, and are predicate offences for the purposes of the CDSA.

28. All natural and legal persons in Singapore, including lawyers and law practice entities in Singapore, must comply with the following regulations:

(a) United Nations (Sanctions — Democratic People's Republic of Korea) Regulations 2010 ("**UN DPRK Regulations**"); and

(b) United Nations (Sanctions — Iran) Regulations 2019 ("**UN Iran Regulations**").

[4] See section 6(1) of the TSOFA. Please seek guidance from the Police/STRO in this regard.
[5] See sections 6(1) and 8 of the TSOFA.
[6] The references to countering proliferation financing refers to countering attempts to breach or evade these specific sanctions.
[7] The other countries subject to TFS are Sudan, Central African Republic, Democratic Republic of Congo, Libya, Yemen, Mali, Somalia, and South Sudan.

29. CPF compliance goes beyond not dealing with UN-designated persons (whether directly or indirectly) in relation to the UN DPRK Regulations and the UN Iran Regulations. It requires legal practitioners and law practices not to engage in UN-prohibited activities. AML/CFT controls can be used to enable CPF compliance. Obligations to file STRs in a timely manner apply in relation to the UN DPRK Regulations and the UN Iran Regulations. Please note that these regulations allow legal practitioners and law practices to seek exemptions for humanitarian purposes.

Resource

For more information, please refer to:

Singapore's 2024 Proliferation Financing (PF) National Risk Assessment and Counter-PF Strategy

- https://www.mas.gov.sg/publications/monographs-or-information-paper/2024/proliferation-financing-national-risk-assessment-and-counter-pf-strategy

- https://www.mas.gov.sg/-/media/mas-media-library/publications/monographs-or-information-paper/amld/2024/proliferation-financing-national-risk-assessment.pdf

FATF Public Statement on Counter Proliferation Financing

- https://www.fatf-gafi.org/en/publications/Financingofproliferation/Statement-proliferation-financing-2020.html

Relevant Matters

30. Part 5A and the Rules apply to a legal practitioner and law practice preparing for or carrying out any transaction concerning a "relevant matter" ("**Relevant Matter**"), which is defined in section 70A(2) of the LPA to mean any of the following matters:

(a) acquisition, divestment or any other dealing of any interest in real estate;

(b) management of client's moneys, securities or other assets, or of bank, savings or securities accounts;

(c) creation, operation or management of any company, corporation, partnership, society, trust or other legal entity or legal arrangement;[8]

(d) acquisition, merger, sale or disposal of any company, corporation, partnership, sole proprietorship, business trust or other business entity;

(e) any matter, in which a legal practitioner or law practice acts for a client, that is unusual in the ordinary course of business, having regard to–
   (i) the complexity of the matter;
   (ii) the quantum involved;
   (iii) any apparent economic or lawful purpose of the matter; and
   (iv) the business and risk profile of the client.

31. If a transaction does not concern a Relevant Matter, then the obligations under Part 5A and the Rules do not need to be observed although, clearly, good due diligence on one's client is always good practice.

32. If you are uncertain whether Part 5A and the Rules apply to your work generally or in a specific case, simply take the broadest of the possible approaches to comply with the statutory requirements.

[8] In relation to Section 70A(2)(c) of the LPA, lawyers who act as Corporate Service Providers ("**CSPs**") are expected to fully comply with relevant legislation applicable to all CSPs. Please refer to Section 2 of the **Corporate Service Providers Act 2024** and the following, non-exhaustive, resources for more information:

- https://www.acra.gov.sg/corporate-service-providers/information-about-corporate-service-providers-and-qualified-individuals
- ACRA (9 May 2025) Guidelines For Registered Corporate Service Providers: https://www.acra.gov.sg/docs/default-source/default-document-library/corporate-service-providers/guidelines-for-registered-csps-(08-july-2025).pdf?sfvrsn=e28fbfd2_1

33. Unless it is a matter that is unusual in the ordinary course of business, having regard to the complexity of the matter, the quantum involved, any apparent economic or lawful purpose of the matter, and the business and risk profile of the client, the following are some examples of transactions and matters which Part 5A and the Rules would not apply to:

(a) General Singapore law advice with no specific or substantial association with any transaction or matter;

(b) Transactions and matters pertaining to intellectual property rights;

(c) Acting for a client to apply for a grant of probate or letters of administration as a personal representative of an estate;

(d) Acting for a client in a family law matter to obtain a decree of nullity or divorce or custody/access of children;

(e) Appearing or pleading in any court of justice in Singapore, representing a client in any proceedings instituted in such a court or giving advice, the main purpose of which is to advise the client on the conduct of such proceedings; and

(f) Appearing in any hearing before a quasi-judicial or regulatory body, authority or tribunal, including an arbitral tribunal.

Key Obligations

34. Legal practitioners and law practices must observe the following provisions set out in Part 5A and the Rules:

S/N	Brief Description	Key Obligation
1	Prohibition against anonymous accounts	Legal practitioners or law practices must not open or maintain any account for or hold and receive money from an anonymous source, or a client with an obviously fictitious name (Section 70B LPA).
2	Implement programmes for the prevention of ML, FT and PF (2025 Rule 18(1))	Law practices must implement programmes for the prevention of ML, FT and PF which have regard to — • the risks of ML, TF and PF; and • the size of the law practice.
3	Take appropriate steps to identify, assess and understand the risks of ML, FT and PF (2025 Rule 18(2)(a) – (b))	In particular, law practices must take appropriate steps to identify, assess and understand the risks of ML, FT and PF in relation to — • the law practice's clients; • the countries, territories or jurisdictions that the law practice's clients are from or in, or have operations in; and • the law practice's products, services, transactions and delivery channels. In this regard, law practices must: • document the risk assessments (commonly known as a Firm Wide Risk Assessment); • consider all relevant risk factors before determining the overall level of risk and the appropriate type and extent of mitigation to be applied; • keep the risk assessments up to date; and • provide the risk assessments to Council upon Council's request.

S/N	Brief Description	Key Obligation
4	Develop, implement, confirm and monitor internal policies, procedures and controls ("**IPPCs**") (2025 Rule 18(2)(c) – (d), (g))	Law practices must: • develop and implement IPPCs, which must be approved by the law practice's senior management including (2025 Rule 18(2)(c)) — ○ making appropriate compliance management arrangements; and ○ applying adequate screening procedures when hiring employees, to manage and mitigate the risks of ML, FT and PF identified by the law practice or notified to the law practice by the LSS or DLS • obtain confirmation of the implementation and the review of these IPPCs by an independent party (2025 Rule 18(2)(d)). • monitor the implementation of these IPPCs and enhance the IPPCs (if necessary) (2025 Rule 18(2)(g)).
5	Take enhanced measures to manage and mitigate the risks of ML, FT and PF where higher risks are identified (2025 Rule 18(2)(e))	Where higher risks are identified, law practices must take enhanced measures to manage and mitigate the risks of ML, FT and PF (2025 Rule 18(2)(e)).
6	Have an ongoing training programme (2025 Rule 18(2)(f))	Law practices must have an ongoing programme to train the law practice's partners, directors and employees on — • the laws and regulations relating to the prevention of ML, FT and PF; and • IPPCs mentioned above
7	Perform CDD measures (section 70C and Part 2 of the Rules)	Legal practitioners and law practices must: • conduct CDD on: ○ the client (whether individual or entity or legal arrangement); ○ any other person is purporting to act on behalf of a client; ○ the client is acting on behalf of another person; and ○ all beneficial owners of the entity or legal arrangement client; • take reasonable measures to determine whether the client is a politically-exposed individual, or a family member or close associate of any such individual and identify and, if appropriate, obtain information on the purpose and intended nature of the business relationship with the client.
8	File STRs (section 70D, Parts 2 and 5 of the Rules)	If the legal practitioner and law practice have suspicions that their client is engaged in ML, FT or PF, failure to file a STR is an offence. A STR should be filed as soon as reasonably practicable upon the establishment of suspicion. The legal practitioner and law practice should note two aspects of this obligation to report in particular: • The legal practitioner and law practice cannot tell any person that they have reported, including their client, as doing so may amount to 'tipping-off'. • Failure to disclose any information or other matter which is an item subject to legal privilege is not an offence (see the CDSA).

S/N	Brief Description	Key Obligation
9	Maintain all documents and records (section 70E and Part 3 of the Rules)	Legal practitioners and law practices must maintain all documents and records: (i) relating to each Relevant Matter; and (ii) obtained through CDD measures performed under section 70C of the LPA.
10	Legal practitioners acting as trustees	Legal practitioners acting as trustees must perform the CDD measures set out in Rule 10.
11	Co-operate with all inspections by Council	Legal practitioners and law practices must cooperate with all inspections conducted by Council under section 70F and ensure that any documents and records required by the Council for purposes of an inspection are produced to the Council or to any person appointed by the Council (Rule 22).

35. Under section 70G(1) of the LPA, disciplinary proceedings (see Rule 27) may be taken against any legal practitioner who contravenes Part 5A.

36. Under section 70G(2) of the LPA, such regulatory action as may be prescribed (see Rule 28) may be taken against any law practice which contravenes Part 5A.

2. Risk-based approach (Rule 12)

37. Singapore has adopted the risk-based approach ("**RBA**") as recommended by FATF, in combating ML, FT and PF. RBA means that lawyers should identify, assess and understand the ML/FT/PF risks to which they are exposed, and take the required measures to mitigate and manage the risks. The key elements of RBA are:

(a) identifying the ML/FT/PF risks facing the practice, given its clients, services, countries of operation, etc..

(b) identifying and applying measures to effectively and efficiently mitigate and manage the said risks.

(c) putting in place policies, procedures and controls.

(d) documenting its risk assessments, strategies, policies and procedures.

Resource

Please refer to Section II (The RBA to AML/CFT) of the FATF (2019), Guidance for a Risk-Based Approach for Legal Professionals:
https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Rba-legal-professionals

38. RBA means that you have the flexibility to calibrate the CDD measures you take in a specific case according to what you assess to be the risks (Rule 12(1)). In other words, it is not a case of one size fits all. The RBA, which is a long-established principle within AML, is set out in Rule 12 of the Rules. It acknowledges that every situation is different and that legal practitioners and law practices themselves are best placed to understand the risks and deal with them proportionately.

39. In practical terms, this means that you must (Rule 12(2))—

(a) perform, in relation to each client, an adequate analysis of the risks of ML, FT and PF;
(b) document the analysis and the conclusions reached; and
(c) keep the analysis up to date.

40. For an adequate analysis of the risks of ML, FT and PF, you should take the following steps to consider the client risk, country risk and transaction risk, specifically:

(a) identify and assess the ML, FT and PF risks based on the following factors:

(i) the type of client -

(A) whether there is any name match against list on the Ministry of Home Affairs ("MHA")'s website on the Inter-Ministry Committee on Terrorist Designation ("IMC-TD") on terrorist designation (persons and entities designated as terrorists);

(B) whether there is any name match against lists on Monetary Authority of Singapore ("MAS")'s website on targeted financial sanctions under the United Nations Regulations ("UN Regulations") for the lists of designated individuals and entities;

(C) whether the client is a politically-exposed individual or close associate or family member of a politically-exposed individual;

(D) whether the client is from a country where there is a higher risk of money laundering, financing of terrorism or proliferation financing;

(E) whether the client or transaction exhibits any ML/TF/PF red flags or high risk factors in Annex B4, B5 and Annex F;

(ii) the business relationship with the client;

(b) determine if the client is a higher risk client;

(c) determine if the business relationship is a higher risk business relationship; and

(d) determine if there are reasonable grounds to suspect the client is engaged in ML, FT or PF.

41. Per Rule 12(4), ML, FT and PF risks are raised, if —

(a) the client is from or in, or the transaction relates to, any foreign country or territory in relation to which the FATF has called for countermeasures or enhanced customer due diligence measures;

(b) the client is from or in any foreign country or territory known to have inadequate measures to prevent ML, FT and PF, as determined by the legal practitioner or law practice, or as notified to the legal practitioner or law practice generally by the LSS or DLS;

(c) the client is from or in, or the transaction relates to, any foreign country or territory that the FATF has identified as a country, territory or jurisdiction subject to increased monitoring; or

(d) the legal practitioner or law practice has reason to believe that the client, any person acting on behalf of the client or any person on whose behalf the client is acting, or the transaction, presents a high risk of ML, FT and PF.

42. The mere presence of high risk factors is not necessarily a basis for suspecting ML, FT and PF and are indications that additional explanation from the client should be sought and verified against credible and independent source information, where possible.

43. If a client is unable to provide an adequate, satisfactory and credible explanation in response to an enquiry, that inability by itself does not necessarily constitute a sufficient basis to impute criminal activity on the part of the client. However, if you are unable to obtain, or verify any information required as part of those CDD measures or do not receive a satisfactory response to any inquiry in relation to any information required as part of those CDD measures, you must not commence any new business relationship, and must terminate the existing business relationship with the client and must not undertake any new transaction for the client as required under Rule 15(1)(a) and (b) and must consider whether to file a STR in relation to the client.

Resource

List of high risk factors for ML/ FT: see **Annex B4: High Risk Factors for ML/FT**

List of high risk factors for PF: see **Annex B5: High Risk Factors for PF**

Please also refer to **Annex F: Ministry of Law's Guidance on Analysis of Client Risk, Identification of Material Red Flags, Source of Wealth (SOW) Establishment, Ongoing Monitoring of Clients and their Transactions and Suspicious Transaction Report (STR) Filing Timeline dated 23 June 2025**, Section A (Analysis of Client Risk or Client Risk Analysis (CRA))

44. Ultimately, you as a legal practitioner are in the best position to know the profile of your clients and the kinds of matters that they instruct you on. You are therefore in the best position to determine what steps you should be taking to address any possible risks of ML, FT or PF which may be presented. It is absolutely critical that you document the basis of your risk assessment. This will come in useful if you are ever subject to an audit.

3. Internal Programmes, Risk Assessment and Group policy (Rules 18 and 18A)

A. Assessing individual risks

45. You must assess the risks posed by a specific client or retainer. Determining the risks posed by a specific client or retainer will then assist in applying the internal procedures and controls in a proportionate and effective manner.

> **Resource**
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> Please refer to **Annex F: Ministry of Law's Guidance on Analysis of Client Risk, Identification of Material Red Flags, Source of Wealth (SOW) Establishment, Ongoing Monitoring of Clients and their Transactions and Suspicious Transaction Report (STR) Filing Timeline dated 23 June 2025**, Section A (Analysis of Client Risk or Client Risk Analysis (CRA))

B. Assessing your law practice's risk profile

46. A law practice must take appropriate steps to identify, assess and understand its ML, FT and PF risks, taking into account the law practice's size, type of clients, countries or jurisdictions its clients are from and the practice areas it engages in (Rule 18(1)).

47. Taking into account the risks that have been identified and the size of a law practice, a law practice must develop programmes for the prevention of ML, FT and PF. This should include an assessment of the level of exposure the practice has to overseas clients and the risk that these clients and/or their beneficial owners may be PEPs or subject to sanctions.

48. If there is a significant risk, law practices are strongly encouraged to subscribe to a reliable commercial database that will allow you to screen customers for ML/FT/PF risk.

49. The appropriate steps (as set out in Rule 18(2)(b)) must include:

(a) documenting the law practice's risk assessments;

(b) considering all the relevant risk factors before determining the level of overall risk and the appropriate type and extent of mitigation to be applied;

(c) keeping these risk assessments up to date; and

(d) having appropriate mechanisms to provide risk assessment information to the Council.

> **Resource**
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> Please refer to **Annex B1: Sample Firm Wide Risk Assessment Template** which was designed to assist law practices.
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> A law practice should adapt, refine and fill in the template to suit their law practice as appropriate.

50. The specific vulnerabilities of Singapore can be found in various published national risk assessments, which can be found on the AML portal at https://www.lawsociety.org.sg/for-lawyers/aml/. Each law practice should make its own assessment of its risk.

Resource

Some non-exhaustive examples include but are not limited to:

- National Anti-Money Laundering Strategy 2024
- Money Laundering And Terrorism Financing Risk Assessment Of Legal Arrangements In Singapore 2024
- National Strategy for Countering the Financing of Terrorism (CFT) 2024
- Money Laundering National Risk Assessment (ML NRA) 2024
- Terrorism Financing National Risk Assessment (TF NRA) 2024
- Proliferation Financing (PF) National Risk Assessment and Counter-PF Strategy 2024
- Virtual Assets Risk Assessment 2024
- Singapore National Anti-Money Laundering Strategy 2024

51. Where higher risks are identified, law practices must take enhanced measures to manage and mitigate the risks of ML, FT and PF (2025 Rule 18(2)(e)).

C. Internal Policies, Procedures and Controls (2025 Rule 18(2)(c) and (d))

52. Law practices must develop and implement IPPCs, which must be approved by the law practice's senior management, including (2025 Rule 18(2)(c)) —

(a) making appropriate compliance management arrangements; and
(b) applying adequate screening procedures when hiring employees,

to manage and mitigate the risks of ML, FT and PF identified by the law practice or notified to the law practice by the LSS or DLS.

53. Policies refer to high level statements that are uniform across the entire organisation, and are approved by the management. Procedures identify the acceptable and workable practices that the organisation adopts and ensure that the policies are implemented at the operational level. Controls are the tools used to ensure that the policies and procedures are operating as intended.

Compliance management arrangements (Rule 18(2)(c)(i))

54. Law practices must monitor the implementation of these IPPCs and enhance the IPPCs (if necessary) (2025 Rule 18(2)(g)).

55. Compliance management arrangements (Rule 18(2)(c)(i)) means carrying out regular review, assessment and updates of the IPPC to ensure that they are adequate and they manage the ML, FT and PF risks effectively.

Screening procedures (Rule 18(2)(c)(ii))

56. Employees: The screening of new employees (Rule 18(2)(c)(ii)) can be done by including relevant questions in the law practice's employment application form, for example, whether the person has been convicted of any offence of dishonesty or fraud, whether the person has been sentenced to a term of imprisonment, and whether the person is an undischarged bankrupt.

57. The employee should also make the requisite declarations when executing the statutory declarations as required by section 78(7) LPA. In Singapore it is not possible to check with the Criminal Records Office whether a person has a criminal record, so it is not necessary to do that.

58. Clients: As part of your risk assessment you should decide whether you should subscribe to a reliable commercial screening service. Such services will allow you to screen persons against consolidated sanctions lists as well as help you identify potential PEPs or individuals and entities that, for any reason, pose a risk. As noted above, in line with your obligations under TSOFA, screening processes (including ongoing batch screenings conducted between periodic KYC reviews) to detect such persons or entities (and their relevant parties) should be in place, including due diligence checks before entering into any

business relationship or transaction with such persons or entities, and on an ongoing basis (particularly when there is a new designation).

59. You should ensure that you choose a screening service that has access to the databases that are relevant to a Singapore practice, in particular, the lists of persons and entities of interest maintained by the MAS and Inter-Ministerial Committee – Terrorist Designation, the schedules to TSOFA, and the lists maintained pursuant to the United Nations Security Council resolutions. It may also be useful to include the sanctions lists maintained by the United States, European Union and the United Kingdom.

60. Clients, and in the case of legal persons, the beneficial owners and representatives of the clients, should be screened when you are being instructed in a Relevant Matter.

61. If you have assessed that your risk profile does not warrant such a subscription, then you should at least conduct an internet search. When conducting an internet search, appropriate known identifier information (such as the person's nationality or country of birth) ought to be included to help filter the results to a manageable number.

62. Whatever the screening method adopted might be, the outcome ought to be printed out or stored electronically for reference.

63. Such screening is not a substitute for you making necessary inquiries of the client to ensure that you truly know him or her and are able to assess whether they potentially pose a risk. Nor does it relieve you of your obligation to understand the nature of the transaction for which you are being retained.

D. Confirmation and review by an independent party (2025 Rule 18(2)(d))

64. Law practices must obtain confirmation of the implementation and the review of these IPPCs by an independent party (2025 Rule 18(2)(d)).

65. The requirement of the confirmation and review by an independent party (2025 Rule 18(2)(d)) may be satisfied through (but not limited to):

(a) the appointment of an external auditor to carry out the confirmation and review; or
(b) the appointment of a suitably experienced professional within the same law practice to carry out the confirmation and review.

66. This 'independent party' may be internal or external. If the review is done by the law practice internally, it should be done by a senior staff member who understands the firm's AML/CFT/CPF policies and controls and can challenge them if needed. The reviewer should not be the same person who set up the controls. The review should also check CDD documents to confirm that staff are following the firm's procedures properly.[9]

E. Training (2025 Rule 18(2)(f))

67. Law practices must have an ongoing programme to train the law practice's partners, directors and employees on (2025 Rule 18(2)(f)) —

(a) the laws and regulations relating to the prevention of ML, FT and PF; and
(b) their IPPCs

68. Training may cover the following areas:

(a) ML, FT and PF vulnerabilities of a law practice;
(b) the impact that ML, FT and PF may have on a law practice, its business, clients and employees;
(c) effective ways of determining whether clients are PEI;
(d) client and business relationship risk factors;
(e) the different CDD measures that have to be performed;
(f) how to deal with suspicious activities and transactions;

[9] Please refer to paragraph 140 of FATF (2019), *Guidance for a Risk-Based Approach for Legal Professionals* for more information: https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/Risk-Based-Approach-Legal-Professionals.pdf

(g) STRs; and
(h) the IPPCs that have been put in place to reduce and manage ML, FT and PF risks.

69. The training frequency should be sufficient to maintain the knowledge and competence of partners, directors and employees to apply CDD measures appropriately.

70. Training can take many forms and may include:

(a) attendance at conferences, seminars, or training courses organised by the LSS or other organisations;

(b) completion of online training sessions;

(c) law practice or practice group meetings for discussion on prevention of ML, FT and PF issues and risk factors; and

(d) review of publications on current prevention of ML, FT and PF issues.

71. The LSS offers a wide range of training for AML annually, including but not limited to the following:

(a) [Webinar] Anti-Money Laundering - An Introduction

(b) [E-Learning Programme] Anti-Money Laundering (AML) and Countering Terrorism Financing (CTF)

(c) [Webinar] Navigating Legal Frameworks: AML & CFT Compliance for Today's Law Practices [formerly known as [Webinar] Anti-Money Laundering and Countering the Financing of Terrorism]

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Resource

For more information on the LSS online e-learning training for AML, please refer to https://www.lawsociety.org.sg/cpd/e-learning/.

F. Group policy for branches and subsidiaries (2025 Rule 18A)

72. If a Singapore law practice, which has, whether in Singapore or in a foreign country or territory (2025 Rule 18A(1)):

(a) any branch; or
(b) any subsidiary where more than 50% of the shares or other equity interests of the subsidiary are owned by the Singapore law practice,

the Singapore law practice must implement group-wide programmes for the prevention of ML, FT and PF that apply to, and are appropriate for, every branch and subsidiary (2025 Rule 18A(2)).

73. The programmes that a Singapore law practice must implement, and the group-wide programmes a Singapore law practice (with any branch or subsidiary) must implement must include the following (2025 Rule 18A(3)):

(a) the measures specified in Rule 18(2);

(b) measures (subject to Rule 18(4)) to share information —

(i) between the Singapore law practice's branches and subsidiaries, and the Singapore law practice; and
(ii) among the Singapore law practice's branches and subsidiaries,

for the purpose of performing CDD measures or managing the risks of ML, FT and PF.

74. The measures implemented under Rule 18A(3)(b) must incorporate adequate safeguards to (2025 Rule 18A(4)):

(a) protect the confidentiality and use of any information that is shared; and
(b) not tip off any person arising from any information that is shared (including to not share the information, where appropriate).

Such measures should also only apply to the extent permitted by the law of the foreign country or territory that the Singapore law practice's branch or subsidiary is in.

75. The Singapore law practice must, as far as possible, ensure that every branch and subsidiary referred to above operating in a foreign country or territory applies measures for the prevention of ML, FT and PF that are consistent with the measures for the prevention of ML, FT and PF that are applicable in Singapore (2025 Rule 18A(5)).

4. Customer Due Diligence Measures (Part 2 of the Rules)

A. General Customer Due Diligence (Rules 6 to 8, 11 and 14)

(I) What is CDD?

76. CDD refers to due diligence measures performed by a legal practitioner or law practice in relation to a client. The term 'client' and 'customer' are synonymous and interchangeable.

77. In preparing for or carrying out any transaction concerning a Relevant Matter,[10] you must perform the CDD measures prescribed in the Rules. CDD is required because you can better identify suspicious transactions if you know your clients and understand the reasoning behind the instructions given by your clients.

78. Be careful of arrangements where you end up as no more than a financial conduit, receiving money from one source and routing it to another.

> **Case study**
>
> Please refer to the case of *Law Society of Singapore v Chan Chun Hwee Allan* [2018] 4 SLR 859.

(II) Principal components of CDD measures

79. The principal components of CDD are:
    - **(a) Timing of CDD (Rule 11)**
    - **(b) Existing clients (Rule 14)**
    - **(c) General CDD (Rules 6, 7 and 8)**
    - **(d) Enhanced CDD (Rule 13)**
    - **(e) Simplified CDD (Rule 13A)**
    - **(f) Ongoing CDD (Rule 9)**
    - **(g) Inability to complete CDD (Rule 15)**
    - **(h) Performance of CDD by third parties (Rule 17)**
    - **(i) Specific CDD for legal practitioners who act as trustees (Rule 10)**

> **Resource**
>
> Please refer to **Annex C: Sample CDD Checklist Template**, which has been designed to assist legal practitioners and law practices.
>
> You should adapt, refine and fill in the template as appropriate.
>
> Please refer to **Annex F: Ministry of Law's Guidance on Analysis of Client Risk, Identification of Material Red Flags, Source of Wealth (SOW) Establishment, Ongoing Monitoring of Clients and their Transactions and Suspicious Transaction Report (STR) Filing Timeline dated 23 June 2025**.

(III) Timing of certain CDD (Rule 11)

80. Subject to Rule 11(2), the applicable time for performing, in relation to a client, the following CDD measures, is **before the start, or during the course**, of establishing a business relationship with the client (Rule 11(1)):

    (a) General CDD referred to in Rules 6(1) and (2),

[10] For the definition of 'relevant matter', please refer to section 70A(2) of the LPA.

(b) General CDD measures in relation to a person purporting to act on client's behalf or where the client acts on behalf of another person under Rule 7;

(c) General CDD measures in relation to an entity or a legal arrangement under Rules 8(1), (2) and (3); and

(d) Specific CDD measures for legal practitioners who act as trustees under Rule 10(2) and (3).

81. The following CDD measures must be performed before the start of establishing a business relationship with the client:

(a) ascertaining the identity of the client (Rule 6(1)(a)) and where the client is an entity or a legal arrangement, the name of the client (Rule 6(2)); and
(b) ascertaining whether the client has any beneficial owner (Rule 8(1)(a)).

82. You may complete the performance of a **relevant CDD measure**, as soon as reasonably practicable after establishing a business relationship with the client, if the following are satisfied (2025 Rule 11(2)):

(a) the completion of that CDD measure(s) after establishing the business relationship is necessary in order not to interrupt the normal conduct of business operations; and
(b) the risks of ML, FT and PF can be effectively managed.

83. In such circumstances, your law practice must adopt internal risk management policies and procedures concerning the conditions under which a legal practitioner or law practice may establish a business relationship with a client before the completion of the relevant CDD measures (2025 Rule 11(3)).

84. Under 2025 Rule 11(4), a "relevant CDD measure" means a CDD measure referred to in —

(a) Rule 6(1)(b), (c) or (d); [11]
(b) Rule 7 (General customer due diligence measures in relation to person purporting to act on client's behalf);
(c) Rule 8(1)(b), (c), (d), (e) or (f), (2) or (3);[12] or
(d) Rule 10(2) or (3);[13] or

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[11] **Rule 6(1)(b), (c) and (d)** states:
"6(1)…
(b) verify the client's identity using objectively reliable and independent source documents, data or information;
(c) take reasonable measures to determine whether the client is a politically-exposed individual, or a family member or close associate of any such individual;
(d) identify and, if appropriate, obtain information on the purpose and intended nature of the business relationship with the client."

[12] **Rule 8** states:
"(1)…
(b) ascertain the identity of each beneficial owner (if any);
(c) take reasonable measures to verify the identity of each beneficial owner (if any) using objectively reliable and independent source documents, data or information;
(d) take reasonable measures to determine whether each beneficial owner (if any) is a politically-exposed individual, or a family member or close associate of any such individual;
(e) understand the nature of the client's business;
(f) understand the ownership and control structure of the client.
(2) Where the client is an entity, the customer due diligence measures that a legal practitioner or law practice must perform under paragraph (1)(b) and (c) include identifying, and taking reasonable measures to verify the identity of, each beneficial owner of the client, through the following information:
(a) the identity of each individual (if any) who has a controlling ownership interest in the client;
(b) if there is any doubt as to whether an individual who has a controlling ownership interest in the client is a beneficial owner of the client, or if there is no individual who has a controlling ownership interest in the client, the identity of each individual (if any) who has control of the client through other means;
(c) if there is no individual who has a controlling ownership interest in the client or who has control of the client through other means, the identity of each individual in the senior management of the client.
(3) Where the client is a legal arrangement, the customer due diligence measures that a legal practitioner or law practice must perform under paragraph (1)(b) and (c) include identifying, and taking reasonable measures to verify the identity of, each beneficial owner of the client, through the following information:
(a) if the client is an express trust, the identities of the settlor, each trustee, the protector (if any) and each beneficiary or class of beneficiaries of the trust, and any other individual exercising effective control over the client (including through a chain of control or ownership);
(b) if the client is any other legal arrangement, the identity of each person in an equivalent or a similar position to a settlor, trustee, protector or beneficiary of a trust, or to an individual referred to in sub-paragraph (a).

[13] **Rule 10(2) and (3)** state:
"(2) A legal practitioner who is a trustee of an express trust governed by Singapore law must, at the applicable time specified in rule 11, obtain and must maintain adequate, accurate and current information on the identities of the settlor, each trustee, the protector (if any) and each beneficiary or class of beneficiaries of the trust, and of any other individual exercising effective control over the trust.

(e) Rule 6(2) (only insofar as it relates to the CDD measure that a legal practitioner or law practice must perform under Rule 6(1)(b)). [14]

(IV) Existing clients (Rule 14)

85. You need not repeatedly identify and verify the identity of a client or beneficial owner. You may rely on the identification and verification measures that have already been performed unless you have doubts about the veracity of the information obtained.

86. If it is an existing client, you must perform the CDD measures based on your assessment of the materiality and risks of ML, FT and PF, taking into account (Rule 14(1))–

(a) any previous CDD measures performed in relation to the client;
(b) the time when any CDD measures were last performed in relation to the client; and
(c) the adequacy of the data, documents or information obtained from any previous CDD measures performed in relation to the client.

Please be reminded that you should still undertake name screening for existing clients on a regular basis (minimally on an annual basis), so that you are alerted to any adverse news regarding the client even after onboarding.

87. Generally, you may waive the full client identity checks if the client is an existing client who has been in contact with the law practice within the last 5 years if there is no suspicion of ML, FT or PF, and you are satisfied that the original identification documents were adequate. A note confirming this must be signed by the proprietor, partner or director (as applicable) and placed in the file.

(V) General CDD measures (Rules 6, 7 and 8)

88. Pursuant to Rule 6(1), at the applicable time in Rule 11 above, you must perform the following CDD measures in relation to a client:

(a) ascertain the identity of the client;

(b) verify the client's identity using objectively reliable and independent source documents, data or information;

(c) take reasonable measures to determine whether the client is a politically-exposed individual, or a family member or close associate of any such individual;

(d) identify and, if appropriate, obtain information on the purpose and intended nature of the business relationship with the client. (2025 Rule 6(1)(d))

Identification and verification of the identity of the client (Rule 6(1)(a) and (b))

89. In order to ascertain and verify the identity of the client, you are encouraged to use a wide range of sources, including 'google searches', conversations with the client and reliable individuals, and, in appropriate cases checks with reliable commercial screening services. With internet searches, it is important to apply appropriate search parameters so as to generate results that are manageable to review.

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(3) A legal practitioner who is a trustee of any trust governed by Singapore law must, at the applicable time specified in rule 11, obtain and must maintain basic information on every other regulated agent of, or service provider to, the trust, including any investment adviser or manager, accountant or tax adviser."

[14] **Rule 6(2)** states**:**

"(2) Where the client is an entity or a legal arrangement, the customer due diligence measures that a legal practitioner or law practice must perform under paragraph (1)(a) and (b) include identifying the client and verifying the client's identity, respectively, through the following information:

(a) the name of the client;
(b) the legal form of the client;
(c) the documents that prove the existence of the client;
(d) the documents that regulate and bind the client (such as the constitution, or the memorandum and articles of association, of a company, if the client is a company, or the trust deed of an express trust, if the client is an express trust);
(e) the individuals in the senior management of the client;
(f) the address of the registered office of the client;
(g) the address of a principal place of business of the client, if the registered office of the client is not a principal place of business of the client."

Resource

Please refer to **Annex B2: CDD Measures vis-à-vis Client Type** for the appropriate CDD measures based on the various types of clients, such as, but not limited to:

- Individual
- Entity or legal arrangement
- Singapore sole proprietorship, partnership, limited partnership, limited liability partnership, or a company
- Foreign entity
- Trusts
- Attorneys
- Singapore charities, clubs and societies
- Foreign charities, clubs and societies
- Singapore co-operatives
- Management corporations
- Estates

This list is not meant to be exhaustive and you must be thorough and consider the risks faced by your law practice. Such an assessment will help ensure that the level of due diligence conducted is proportionate and compliant with regulatory expectations.

Identification and verification of person that client is acting on behalf of another person (2025 Rule 7)

90. The 2025 Rules have been amended to make clear that lawyers and law practices need to identify and take reasonable measures to verify the identities of the individuals that their clients may be acting on behalf of. This is because such clients may not be the ultimate beneficial owner of a transaction or asset which can lead to potential risks of abuse.

Scenario

A law practice is engaged by Client A for conveyancing matters. The property title was to be registered in the name of Client A. During the CDD process, the law practice came to know that the funds would be from Client A's brother-in-law. The law practice entity would be expected to enquire on the reason for the arrangement and whether Client A's brother-in-law was the ultimate beneficial owner of the property. If the law practice determined that Client A's brother-in-law is the true owner of the property, the law practice entity would be required to conduct CDD on Client A's brother-in-law.

91. The CDD measures required are as follows:

(a) Individual:

- Take reasonable measures to verify the individual's identity using objectively reliable and independent source documents, data or information
- Obtain appropriate documentary evidence to verify that the client is authorised to act on behalf of the individual

(b) Entity or trustee or other person carrying out functions equivalent to a trustee of a legal arrangement:

- Perform CDD measures under Rules 6(2) and 8, treating references to the 'client' in those rules as references to the entity or legal arrangement.
- Obtain appropriate documentary evidence to verify that the client is authorised to act on behalf of the entity/trustee

Identification and verification of person who is acting on behalf of the client (Rule 7)

92. To verify whether the individual/client is authorised, you may:

(a) confirm this with the client/individual; and
(b) rely on any documents or information provided by that individual or the client.

93. To ascertain and verify the identity of the individual/client, you should consider the extent and nature of the documents (if any) or information required to ascertain and verify the identity of the individual/client. You may:

(a) obtain his/her business card;
(b) refer to his/her email address or email signature; and
(c) refer to the website of the client (if the client is an entity) for a profile of the individual.

94. If your client is an entity and you receive instructions from an individual, you need not perform the CDD measures in Rule 7 if you know the individual to be a member of the senior management or in-house counsel of the entity.

(VI) General CDD in relation to entity or legal arrangement (2025 Rule 8)

95. If the client is an entity or legal arrangement, you must (Rule 8(1)):

(a) ascertain whether the client has any beneficial owner;
(b) ascertain the identity of each beneficial owner (if any);
(c) take reasonable measures to verify the identity of each beneficial owner (if any) using objectively reliable and independent source documents, data or information;
(d) take reasonable measures to determine whether each beneficial owner (if any) is a politically-exposed individual, or a family member or close associate of any such individual;
(e) understand the nature of the client's business;
(f) understand the ownership and control structure of the client;

96. Where the client is an entity: the CDD you must perform under Rule 8(1)(b) and (c) above include identifying, and taking reasonable measures to verify the identity of, each beneficial owner of the client, through the following information (Rule 8(2)):

(a) the identity of each individual (if any) who has a controlling ownership interest in the client;

(b) if there is any doubt as to whether an individual who has a controlling ownership interest in the client is a beneficial owner of the client, or if there is no individual who has a controlling ownership interest in the client, the identity of each individual (if any) who has control of the client through other means;

(c) if there is no individual who has a controlling ownership interest in the client or who has control of the client through other means, the identity of each individual in the senior management of the client.

97. What constitutes a controlling ownership interest is a question of fact in each case but in any case, you should treat direct or indirect control of more than 25% of the shares or voting rights of the client as a controlling interest.

98. If there is any doubt as to whether an individual who has a controlling ownership interest in the client is a beneficial owner of the client, or if there is no individual who has a controlling ownership interest in the client, you must ascertain and take reasonable measures to verify the identity of each individual (if any) who has control of the client through other means.

99. If there is no individual who has a controlling ownership interest in the client or who has control of the client through other means, you must ascertain and take reasonable measures to verify the identity of each individual in the senior management of the client, such as a chief executive officer, chief financial officer, managing or executive director, or president.

100. Where the client is a legal arrangement: the CDD measures that you must perform under Rule 8(1)(b) and (c) above include identifying, and taking reasonable measures to verify the identity of, each beneficial owner of the client, through the following information (Rule 8(2)):

(a) if the client is an express trust, the identities of the settlor, each trustee, the protector (if any) and each beneficiary or class of beneficiaries of the trust, and any other individual exercising effective control over the client (including through a chain of control or ownership);

(b) if the client is any other legal arrangement, the identity of each person in an equivalent or a similar position to a settlor, trustee, protector or beneficiary of a trust, or any other individual exercising effective control over the client (including through a chain of control or ownership).

Reasonable measures to verify identity of beneficial owner

101. Ascertaining and verifying the beneficial owners of a legal person is often a very difficult exercise as this information is rarely publicly available in a reliable form. You are only obliged to take reasonable measures, which will depend on the risk assessment that you make. You may rely on information provided by the client (for example, a declaration by the client about its beneficial owner(s)), or information that is publicly known.

102. Other reasonable measures may include the following:

(a) using objectively reliable and independent source information or documents such as the business profile obtained from ACRA, or from a body in a foreign country equivalent to ACRA;

(b) using information, documents or data provided by the client, and arranging a face-to-face meeting with the beneficial owner (where necessary) to corroborate the information given by the client; or

(c) researching publicly available information on the beneficial owner.

103. Although Singapore companies are required to maintain registries of controllers and nominee directors and shareholders, they are not to be disclosed to members of the public but can be disclosed to a public agency enforcing any law.

Resource

Please refer to **Annex B3: Types of Beneficial owners**

Understanding the nature of business, ownership and control

104. To understand the nature of the client's business, and to understand the ownership and control structure of the client, you may rely on the following information:

(a) provided by the client.
(b) available on the client's website.
(c) available from the client's annual reports.
(d) from any publicly known source that is reliable.

105. To better understand the ownership and control structure, it would be prudent to monitor changes (if any) in instructions, or transactions, which suggest that someone is trying to undertake or manipulate a retainer for criminal ends.

(VII) Situations where specific CDD measures are not required (2025 Rule 8(4)-(5))

106. Unless you suspect that the client may be engaged in, or the business relationship with the client or matter undertaken for the client may involve engagement in ML, or FT or PF (2025 Rule 8(5)), you need not perform the CDD measures referred to in paragraphs (1), (2) and (3) of Rule 8 if the client is (2025 Rule 8(4)) –

(a) an entity listed on the Singapore Exchange, or a subsidiary of such an entity more than 50% of the shares or other equity interests of which are owned by the entity;

(b) an entity listed on a stock exchange in a foreign country or territory that is subject to —
(i) regulatory disclosure requirements; and
(ii) requirements relating to adequate transparency in respect of its beneficial owners,

imposed through stock exchange rules, law or other enforceable means;

(c) a relevant Singapore financial institution; or

(d) a financial institution incorporated or established outside Singapore that is subject to and supervised for compliance with requirements for the prevention of ML, FT and PF, consistent with the standards set by the FATF.

107. For entities listed on foreign stock exchanges (2025 Rule 8(4)(b), you will have to determine whether the exchange in question imposes disclosure requirements ensuring adequate transparency comparable to Singapore. In determining this, your practice will have to make its own assessment considering *inter alia* country risk, and the overall compliance with FATF requirements from published materials.

108. When determining that the client is a financial institution mentioned in 2025 Rule 8(4)(d), you must document the basis for making that determination (2025 Rule 8(6)).

(VIII) Politically exposed individuals ("PEIs") (Rules 6(1)(c) and 8(1)(d))

109. You must take reasonable measures to determine if the client is a PEI, or a family member or close associate of any such individual (Rule 6(1)(c)).

110. If the client is an entity or legal arrangement, you must take reasonable measures to determine whether each beneficial owner (if any) is a PEI, or a family member or close associate of any such individual (Rule 8(1)(d)).

111. A close associate in relation to a PEI is an individual who is known to you or is publicly known to be, closely connected to the PEI, either socially or professionally. Based on the FATF Guidance dated June 2013 on "Politically Exposed Persons (Recommendations 12 and 22)",[15] this includes partners outside the family unit (for example, girlfriends, boyfriends, mistresses); business partners or associates.

112. The reasonable measures referred to in Rules 6(1)(c) and 8(1)(d) include putting in place risk management systems to determine whether a client or beneficial owner is a PEI or a family member or close associate of such an individual. Such reasonable measures may take into consideration the following:

(a) You are not required to conduct extensive investigations to establish whether a client is a PEI or a family member or close associate of any such individual. You may have regard to information that is in your possession or publicly known. With regard to information that is in your possession, this may be information provided to you by the client.

(b) If you have reason to suspect that a client is a PEI or a family member or close associate of any such individual, you should conduct some form of electronic verification. An Internet based search engine (including social media) may be sufficient for these purposes. If warranted, you can screen the individuals with a reliable commercial screening service.

113. A foreign PEI and a domestic PEI are defined in the Rules to mean an individual who is or has been entrusted with a prominent public function in a foreign country or territory or in Singapore respectively (see Rule 2). According to FATF, the handling of a client who is no longer entrusted with a prominent public function should be based on an assessment of risk and not on prescribed time limits. Possible risk factors are:

[15] **FATF (June 2013) Guidance: Politically Exposed Persons (Recommendations 12 and 22)**: https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Peps-r12-r22.html

(a) the level of (informal) influence that the individual could still exercise; the seniority of the position that the individual held as a PEI; or

(b) whether the individual's previous and current function are linked in any way (for example, formally by appointment of the PEI's successor, or informally by the fact that the PEI continues to deal with the same substantive matters).

114. If the client is:

(a) a foreign PEI or a family member or close associate of any such individual; or

(b) a domestic PEI/individual entrusted with a prominent function in an international organisation or a family member or close associate of any such individual (and where there is a higher risk business relationship);

you can still act on behalf of the client, but you should undertake enhanced CDD and monitor the client.

B. Enhanced CDD (Rule 13)

115. Enhanced CDD is an increased level of CDD for those clients that are considered to present a higher risk of ML, FT or PF. This may be because of the client's identity, status as a PEP, business activity, or association with a high risk territory.[16]

(I) Situations where enhanced CDD is mandatory

116. Enhanced CDD is mandatory in any of the 3 situations stated in Rule 13(1):

(a) the risks of ML, the FT and PF are raised under Rule 12(4);

(b) the client, or the beneficial owner of the client (being an entity or a legal arrangement), is a foreign PEI, or a family member or close associate of any such individual; or

(c) **both** of the following apply:
  (i) you assess the business relationship with the client to be a higher risk business relationship;
  (ii) the client, or the beneficial owner of the client (being an entity or a legal arrangement), is —
    (A) a domestic PEI;
    (B) an individual who has been entrusted with a prominent function in an international organisation; or
    (C) a family member or close associate of any individual mentioned in sub-paragraph (A) or (B).

117. Per Rule 13(1)(a) read with Rule 12(4), the risks of ML, FT and PF are raised under 2025 Rule 12(4) in any of the following 4 situations:

(a) if the client is from or in, or the transaction relates to, any country or jurisdiction in relation to which the FATF has called for countermeasures or enhanced CDD;
(b) if the client is from or in any country or jurisdiction known to have inadequate measures to prevent ML and FT and PF, as determined by you, or as notified to you by the LSS or DLS;
(c) if the client is from or in, or the transaction relates to, any country or jurisdiction in relation to which the FATF has called for increased monitoring; or
(d) You have reason to believe that the client, any person acting on behalf of the client or any person on whose behalf the client is acting, or the transaction, presents a high risk of ML, FT or PF.

Country Risk

118. The risks of ML, FT and PF are raised:

[16] FATF (2019), *Guidance for a Risk-Based Approach for Legal Professionals* paragraph 119(C).

(a) if the client is from or in, or the transaction relates to, any country or jurisdiction in relation to which the FATF has called for countermeasures or enhanced CDD (under Rule 12(4)(a)).

This is known as the FATF's High-Risk Jurisdictions subject to a Call for Action ("**Black List**").

(b) if the client is from or in, or the transaction relates to, any country or jurisdiction in relation to which the FATF has called for increased monitoring (under Rule 12(4)(c)).

This is known as the FATF's Jurisdictions under Increased Monitoring ("**Grey List**").

Resource

The FATF Black List should not be confused with the Grey List. Countries on the Grey List are actively working with FATF to address deficiencies in their AML/ CFT/ CPF regimes. FATF publishes the information relating to the specific deficiencies and encourages entities to consider them when assessing the risk posed by clients/ transaction associated with these countries. The Grey List is reviewed regularly and updated 3 times a year as necessary.

The FATF Black and Grey Lists may be accessed here: https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html

119. Checks should be made against:

(a) FATF's High-Risk Jurisdictions subject to a Call for Action (Black List) and Jurisdictions under Increased Monitoring (Grey List): https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html

(b) Ministry of Home Affairs website on the Inter-Ministry Committee on Terrorist Designation ("**IMC-TD**") (persons and entities designated as terrorists): https://www.mha.gov.sg/what-we-do/managing-security-threats/countering-the-financing-of-terrorism

(c) IMC-TD was formed in 2012 to act as Singapore's authority relating to the designation of terrorists

(d) Monetary Authority of Singapore ("**MAS**") website on Targeted Financial Sanctions under the United Nations Regulation for the lists of designated individuals and entities: https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities

120. The AML portal (https://www.lawsociety.org.sg/for-lawyers/aml/) provides links to the above websites.

Resource

You should subscribe to the MAS mailing list to receive updates to the lists of designated individuals and entities. The subscription is available at Subscriber Services (mas.gov.sg): https://www.mas.gov.sg/subscription-services

MAS' Lists of Designated Individuals and Entities can be found here: https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities

Click here for an infographic on how to subscribe to the MAS mailing list.

Subscribing to the MAS emailing list will alert you to changes to the lists of UN designated individuals and entities, and help you stay abreast of other relevant announcements, such as high risk jurisdictions identified by the FATF.

121. In referencing a list, you should also bear in mind the particular circumstances. For example, if you are concerned about tax evasion, reference to a terrorism list is unlikely to be helpful.

122. Under Rule 12(4)(b), risks of ML, FT and PF are raised "if the client is from or in any country or jurisdiction known to have inadequate measures to prevent ML and FT and PF, as determined by you, or as notified to you by the LSS or DLS".

Resource

For the purposes of Rule 12(4)(b), there is no universally agreed list of high risk countries or established criteria or determining the same. This country risk may arise in a variety of circumstances, including from the domicile of the client, the location of the transaction, or source of wealth/ funds. However, it may be useful to consider these lists:

- FATF's website link of high-risk and non-cooperative countries http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/
- BASEL AML Index: https://www.baselgovernance.org/basel-aml-index
- Corruption Perception Index by Transparency International: http://www.transparency.org/ https://www.transparency.org/en/cpi#

Lists relevant to terrorist financing include:

- MAS' website on TFS: https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions/lists-of-designated-individuals-and-entities
- The List established and maintained by the Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh) Al-Qaida and associated individuals groups undertakings and entities: https://www.un.org/securitycouncil/sanctions/1267
- The United Nations Security Council Consolidated List: https://main.un.org/securitycouncil/en/content/un-sc-consolidated-list
- The List established and maintained by the Committee established pursuant to resolution 1988 with respect to individuals, entities, groups, or undertakings https://undocs.org/S/RES/1988(2011)

For high-risk countries in the context of tax crimes, you can refer to:

- Global Forum on Transparency and Exchange of Information for Tax Purposes | OECD
- Financial Secrecy Index by Tax Justice Network

Politically Exposed Individuals ("PEI")

123. Under Rule 13(1)(b), where the client, or the beneficial owner of the client (being an entity or legal arrangement), is a foreign PEI or a family member or close associate of a PEI, ECDD is mandatory.

124. ECDD is also mandatory where the client or the beneficial owner of the client (being an entity or a legal arrangement) is a domestic PEI, or an individual entrusted with a prominent function in an international organisation, or a family member or close associate of any such individual **and** you have assessed the business relationship with the client to be a higher risk business relationship (Rule 13(1)(c)).

125. The business relationship, based on information (on the purpose and intended nature of the business relationship) you have obtained, should be commensurate with what one could reasonably expect from the client, given his/her particular circumstances. Where the level or type of activity in the business relationship diverges from what can be reasonably explained, the business relationship may be a higher risk business relationship.

126. When the risk assessment establishes that the business relationship with a domestic PEP/ individual entrusted with a prominent function in an international organisation (or a family member or close

associate) does not present a higher risk, the individual in question can be treated like any other normal client.

127. You should familiarise yourself with the definition of PEP in the "Statutory Definitions" section of this PD. If you wish to understand more about PEPs in the context of AML, please refer to the FATF Guidance on Politically Exposed Persons.

> **Resource**
>
> Please refer to:
> FATF Guidance – Politically Exposed Persons (Recommendations 12 and 22), June 2013
> https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/Guidance-PEP-Rec12-22.pdf

High Risk of ML, FT or PF

128. Under Rule 13(1)(a) read with Rule 12(4)(d), you are required to do an enhanced CDD if you have reason to believe that the client (including any person acting on behalf of the client or any person on whose behalf the client is acting), or the transaction itself, presents a high risk of ML, FT or PF.

129. This may include (and are not limited to) the following:

(a) Clients from higher risk businesses / activities / sectors as identified in Singapore's Money Laundering National Risk Assessment;

(b) Client is a legal person or arrangement, and whose ownership structure appears unusual or excessively complex given the nature of the legal person's or legal arrangement's business;

(c) Client is a legal person or arrangement which exhibits characteristics of a higher risk shell company set up for illicit purposes.

(II) What are Enhanced CDD measures?

130. When you conduct enhanced CDD, you should do the following (Rule 13(2)):

(a) obtain the **approval** of your senior management before —
  (i) in the case of a new client, establishing a business relationship with the client; or
  (ii) in the case of an existing client, continuing a business relationship with the client;

(b) take reasonable measures to establish the **source of wealth**, and the **source of funds**, of the client and, if the client is an entity or a legal arrangement, of the beneficial owner of the client;

(c) conduct **enhanced ongoing monitoring** of the business relationship with the client (see Section 0 below).

(d) take all reasonable measures in respect of the matters specified in Rule 13(1)(a), (b) and (c), as applicable.[17]

Approval of Senior management

131. What constitutes senior management will depend on the size, structure, and nature of the law practice and it is for the law practice to determine their senior management. Senior management may be:

(a) the head of a practice group;
(b) the partner or director supervising the file;
(c) another partner or director who is not involved with the particular file; or
(d) the managing partner or director.

[17] A statutory declaration from the client alone would not be considered reasonable measures for clients or transactions assessed to be of higher risk.

132. If enhanced CDD measures have to be performed by the foreign branch or foreign subsidiary of a Singapore law practice, and senior management approval is required, the Singapore law practice may determine whether the approval should be given by the senior management of that foreign branch or subsidiary.

Source of Wealth ("**SoW**") and Source of Funds ("**SoF**")

133. The Source of Wealth ("**SoW**") refers to the origin of the client's entire body of wealth (that is, total assets). The Source of Funds ("**SoF**") refers to the origin of the particular funds or other assets which are the subject of the business relationship with the client. Possible sources of wealth or funds include a PEP's current income, wealth or funds obtained from his current and previous positions, business undertakings, and family assets. It may be possible to gather general information on the source of wealth or funds from publicly disclosed assets, any other publicly available sources, from commercial databases or other open sources. An internet search (including of social media) may also reveal useful information about the client's wealth and lifestyle and about their official income. You may also rely on self-declarations of the client. If you rely on the client's declaration of the source of wealth or funds, any inability to verify the information should be taken into account in establishing its reliability. Discrepancies between client declarations and reliable information from other sources may be suspicious if such discrepancies cannot be satisfactorily explained.

Resource

Please refer to **Annex F: Ministry of Law's Guidance on Analysis of Client Risk, Identification of Material Red Flags, Source of Wealth (SOW) Establishment, Ongoing Monitoring of Clients and their Transactions and Suspicious Transaction Report (STR) Filing Timeline dated 23 June 2025,** Section B (SOW Establishment)

Enhanced ongoing monitoring

134. What constitutes enhanced ongoing monitoring of the business relationship, will depend on the circumstances. Possibilities include:
- increasing the number and timing of controls applied,
- selecting transactions that need further examination.
- senior management taking on responsibility for monitoring the matter rather than delegating it to a junior.

All other reasonable measures

135. 2025 Rule 13(2)(d) requires the legal practitioner or law practice to take all other reasonable measures in respect of the matters specified in Rule 13(1)(a), (b) and (c), as applicable.

Resource

You may refer to [122], Box 4 in FATF (2019), Guidance for a Risk-Based Approach for Legal Professionals which provides a non-exhaustive list of examples of enhanced CDD:

"Enhanced CDD

- Obtaining additional client information, such as the client's reputation and background from a wider variety of sources before the establishment of the business relationship and using the information to inform the client risk profile

- Carrying out additional searches (e.g. internet searches using independent and open sources) to better inform the client risk profile (provided that the internal policies of legal professionals should enable them to disregard source documents, data or information, which is perceived to be unreliable)

- Where appropriate, undertaking further searches on the client or beneficial owner to specifically understand the risk that the client or beneficial owner may be involved in criminal activity

- Obtaining additional information about the client's source of wealth or funds involved to seek to ensure they do not constitute the proceeds of crime. This could include obtaining appropriate documentation concerning the source of wealth or funds

- Seeking additional information and, as appropriate, substantiating documentation, from the client about the purpose and intended nature of the transaction or the business relationship

- Increasing the frequency and intensity of transaction monitoring.

- Enhanced CDD may also include lowering the threshold of ownership (e.g. below 25%), to ensure complete understanding of the control structure of the entity involved. It may also include looking further than simply holdings of equity shares, to understand the voting rights of such holders."

C. Simplified CDD ("SCDD") measures (2025 Rule 13A)

Requirements to perform SCDD

136. You may, instead of performing the General CDD measures, perform SCDD measures if it is deemed that SCDD measures are adequate to effectively ascertain the identity of the client, the person acting on behalf of the client or a person on whose behalf the client is acting (2025 Rule 13A).

137. A legal practitioner or law practice may, instead of performing the general and ongoing CDD measures (in Rules 6, 7, 8 and 9) perform SCDD measures if **all** the following conditions are met (2025 Rule 13A(1)):

(a) the legal practitioner or law practice has under Rule 18(2)(a) and (b), assessed the risk of ML, FT and PF in relation to the client to be low;

(b) the simplified customer due diligence measures are commensurate with the level of risk of the client engaging in ML, FT and PF as identified by the legal practitioner or law practice; and

(c) none of the circumstances mentioned in Rule 13 requiring enhanced CDD measures exist.

What constitutes SCDD

138. SCDD measures are measures that you consider adequate to ascertain the identity of the person on or in relation to whom the CDD measures are to be performed (2025 Rule 13A(2)).

139. Per 2025 Rule 13(A)(3), if you decided to perform SCDD measures you must record —

(a) the details of the risk assessment that formed the basis for the decision; and
(b) the SCDD measures carried out.

Resource

You may refer to [122], Box 4 in FATF (2019), Guidance for a Risk-Based Approach for Legal Professionals which provides a non-exhaustive list of examples of simplified CDD, as follows:

"**Simplified CDD**

- Limiting the extent, type or timing of CDD measures
- Obtaining fewer elements of client identification data
- Altering the type of verification carried out on client's identity
- Simplifying the verification carried out on client's identity
- Inferring the purpose and nature of the transactions or business relationship established based on the type of transaction carried out or the relationship established
- Verifying the identity of the client and the beneficial owner after the establishment of the business relationship
- Reducing the frequency of client identification updates in the case of a business relationship
- Reducing the degree and extent of ongoing monitoring and scrutiny of transactions"

D. Ongoing CDD measures (2025 Rule 9)

140. Your CDD obligations do not end after onboarding the client. For the purposes of 2025 Rule 9, you must perform certain ongoing CDD measures during the course of a business relationship, which are summarised as follows:

(a) you must scrutinise transactions undertaken throughout the course of the business relationship to ensure that those transactions are consistent with your knowledge of —
  (i) the client;
  (ii) the client's business;
  (iii) the client's risk profile; and
  (iv) where appropriate, the source of funds for those transactions;

(b) you must ensure that the CDD, documents and information obtained in respect of the following persons are relevant and kept up-to-date, by undertaking reviews of existing customer due diligence data, documents and information, particularly if the client is a higher risk client:
  (i) the client;
  (ii) each person acting on behalf of the client;
  (iii) each person on whose behalf the client is acting;
  (iv) each beneficial owner of the client;

(c) where you assess the client to be a higher risk client, or the business relationship with the client to be a higher risk business relationship you must —
  (i) perform ECDD in accordance with Rule 13; and
  (ii) obtain the approval of your senior management to retain the client or continue the business relationship with the client.

141. As part of the scrutiny of the business relationship, you must, where appropriate, satisfy yourself as to the source of funds for the transaction (see 2025 Rule 9(a)(iv)). The source of funds refers to the origin of the particular funds or other assets which are the subject of the business relationship with the client. It is not enough to know that the money is transferred from a particular bank account. Possible sources of funds include a PEP's current income, wealth, savings, or funds obtained from his current and previous positions, business undertakings, and family assets. You should establish whether the answers as to the source of funds are consistent with the quantum involved.

142. In the context of the legal profession, ongoing monitoring does not necessarily mean regular and repeated screening of clients. This is because most engagements will be for a short duration. The most important aspect of ongoing monitoring is for you to have contact with the client (face-to-face or through other medium) and to scrutinise transactions undertaken throughout the course of the engagement, to ensure that those transactions are consistent with your knowledge of the client, the client's business, the client's risk profile and, where appropriate, the source of funds for those transactions. FATF records show that half of all STRs lodged by lawyers were after the initial onboarding of the client.

143. Of course, for longer engagements (such as retainer arrangements) you need to ensure that the CDD data, documents and information obtained in respect of the client, each person acting on behalf of the client, each person on whose behalf the client is acting and/or each beneficial owner of the client, are relevant and kept up-to-date. Accordingly, in appropriate cases (particularly for higher risk clients) you must conduct regular reviews of existing customer due diligence data, documents and information. You should determine your own schedule appropriate to your circumstances and available resources for this refreshing of your CDD data. An example will be:

- In the case of Enhanced CDD – every 3 months;
- In other cases - where there has been a significant gap between instructions (anything above a year may be considered a significant gap in relation to those clients or transactions assessed as higher-risk), you should consider refreshing the CDD.[18]

[18] This is based on the UK's Legal Sector Affinity Group (LSAG) AML guidance dated 23 April 2025, section 6.21 here: https://www.sra.org.uk/globalassets/documents/solicitors/firm-based-authorisation/lsag-aml-guidance.pdf.

144. The frequency, degree and nature of the ongoing monitoring should be appropriate to the level of the ML/FT/PF risks.

145. You should be alert to changes in instructions that substantially alter the nature of your engagement. For example, where you are instructed in the acquisition of a business, but when the acquisition is abandoned, you are then instructed to transfer the purchase monies that you were holding to a different source.

146. If in the course of ongoing monitoring, your risk assessment of the client changes and the client is assessed to be higher risk (e.g., if the client's country of origination is now a FATF Black/Grey List country), you must perform enhanced CDD (including verifying the source of wealth and source of funds for any monies received from the client) and obtain approval from your firm's senior management to continue with the business relationship.

147. Ongoing CDD does not require you to do the following:

(a) suspend or terminate a business relationship until you have updated CDD data, documents and information, so long as you are satisfied that you know who your client is;
(b) perform the whole CDD process again every few years; and
(c) conduct random checks of files.

148. If you have reasonable grounds, based on the ongoing CDD, or otherwise, for suspecting that the business relationship with the client involves engagement in ML, FT and PF, you should as appropriate file a STR with either of both of the following as the case may be (2025 Rule 5(1)(a)):

(a) a Suspicious Transaction Reporting Officer;
(b) a police officer or Commercial Affairs Officer.

149. In such a circumstance, you must also consider if it is appropriate to continue a business relationship with the client, establish a new business relationship with, or undertake a new matter, for the client (2025 Rule 5(1)(b)). One factor you should consider is that you or your practice may be at risk of a civil claim by the victim(s) of any crime as a constructive trustee. You should also consider your obligations under Rule 26 of the Legal Profession (Professional Conduct) Rules 2015 ("**PCR**").

150. If you decide to continue a business relationship with the client, establish a new business relationship with, or undertake a new matter, for the client, you must (2025 Rule 5(2)):

(a) substantiate the reasons for doing so and document those reasons; and
(b) the business relationship must be subjected to commensurate risk mitigation measures, including enhanced ongoing monitoring.

151. Possible reasonable reasons for continuing to act include situations where:
(a) ceasing to act may risk tipping off the suspect;
(b) the suspicion of ML is not on the part of your client but by some other party, and by ceasing to act you may jeopardise your innocent client's rights; and/or
(c) your engagement is not transactional and your continuing to act will not affect the ML/FT/PF risks.

Resource

Please refer to **Annex D: Sample Ongoing CDD Checklist Template** which has been designed to assist legal practitioners and law practices.

You should adapt, refine and fill in the template as appropriate.

Please refer to **Annex F: Ministry of Law's Guidance on Analysis of Client Risk, Identification of Material Red Flags, Source of Wealth (SOW) Establishment, Ongoing Monitoring of Clients and their Transactions and Suspicious Transaction Report (STR) Filing Timeline dated 23 June 2025,** Section C (Ongoing Monitoring controls and close oversight over higher risk clients).

E. Inability to complete CDD measures (Rule 15)

152. If you are unable to complete any CDD measures, you (Rule 15(1)) –

(a) must not commence any new business relationship, and must terminate any existing business relationship, with the client;
(b) must not undertake any transaction for the client; and
(c) must consider whether to file a STR in relation to the client.

153. You are unable to complete the CDD measures, if you (Rule 15(2)):

(a) are unable to obtain or to verify any information required as part of those CDD measures; or
(b) do not receive a satisfactory response to any inquiry in relation to any information required as part of those CDD measures.

154. If you have started work for a client in relation to a transaction but completion of CDD was deferred in accordance with Rule 11 of the Rules, you must not commence any new business relationship and must terminate any existing business relationship, if you are unable to complete the CDD measures. If you are unable to complete any ongoing CDD or enhanced CDD, you must terminate any existing business relationship with the client.

F. Performance of CDD measures by third parties (Rule 17)

155. Other than for ongoing CDD measures, you may rely on a third party such as another law practice or bank (that is appropriately qualified – see below) to perform the CDD measures.

156. However, you remain ultimately responsible for the performance of those measures (Rule 17(2)).

157. Before you rely on a third party to perform any CDD measures (except ongoing CDD measures), you must (2025 Rule 17(4))—

(a) be satisfied that where necessary, you will be **able to obtain from the third party**, upon request and without delay, **any document or information acquired** by the third party as a result of the CDD measures performed by the third party;

(b) be satisfied that the third party —

(i) is subject to and supervised for compliance with requirements for the prevention of ML, FT and PF **consistent with the standards set by the FATF**; and
(ii) has **adequate measures** in place for compliance with the requirements mentioned in Rule 17(4)(i); and

(c) take appropriate steps to identify, assess and understand the risks of ML, FT and PF in the countries, territories or jurisdictions that the third party operates in (if applicable).

158. If you rely on a third party to perform any CDD measures above, you must (2025 Rule 17(3)):

(a) **document** the basis for your opinion in Rule 17(4)(a) and 17(4)(b); and
(b) **obtain** from the third party without delay all documents and information acquired as a result of the CDD performed by the third party.

159. With regard to Rule 17(4)(b), you may refer to any publicly available reports or material on the quality of the prevention of ML, FT and PF supervision in the jurisdiction where the third party operates and any publicly available reports or material on the quality of that third party's compliance with those requirements.

G. Specific CDD measures for legal practitioners who act as trustees (Rule 10)

160. A legal practitioner who acts as a trustee must, at the applicable time specified in Rule 11, perform the following CDD measures (as set out in Rule 10(2)-(6)):

Legal practitioner who is a trustee of an express trust governed by Singapore law	**Legal practitioner who is a trustee of any trust governed by Singapore law**
Obtain and maintain adequate, accurate and current information on the identities of the settlor, each trustee, the protector (if any) and each beneficiary or class of beneficiaries of the trust, and of any other individual exercising effective control over the trust	Obtain and maintain basic information on every other regulated agent of, or service provider to, the trust, including any investment adviser or manager, accountant or tax adviser.
Maintain the information referred to in the applicable paragraph for at least 5 years after the legal practitioner's involvement with the trust ceases.	
Ensure that any information maintained pursuant to the applicable paragraph is kept accurate and as up-to-date as possible, and is updated on a timely basis.	
Disclose to any of the persons referred to in Rule 10(6) the legal practitioner's status as a trustee, when forming a business relationship with such person (subject to any rule of law relating to a trustee's duty of confidentiality).	

Resource

Please refer to **Annex E: Specific customer due diligence measures for legal practitioners who act as trustees**

5. Suspicious Transaction Report ("STR") (Section 70D LPA and the Rules)

161. Under Part 5A and the Rules, there are various statutory provisions setting out your obligations to make a STR as follows.

(I) Duty to disclose under the CDSA (Section 70D LPA)

162. In accordance with section 70D in Part 5A, where you know or have reasonable grounds to suspect any matter referred to in section 45(1) of the CDSA, you must, in accordance with section 45 of the CDSA, disclose the matter to —

(a) a Suspicious Transaction Reporting Officer under the CDSA by way of a STR; or
(b) an authorised officer under the CDSA.

163. The CDSA requires a STR to be made as soon as is reasonably practicable. The failure to make a STR is an offence punishable with up to $250,000 or imprisonment of up to 3 years or both.

164. If a STR is made in good faith, the disclosure will not be a breach of any restriction upon the disclosure imposed by law, contract or the rules of professional conduct (sections 45(7) and (8) CDSA).

165. In proceedings under the CDSA against a person for an offence (under sections 50 or 51 of the CDSA), he will be deemed not to have knowledge of the matters referred to in the STR (section 46 CDSA).

166. STRs must be lodged with the Suspicious Transaction Reporting Office ("**STRO**") via their online reporting system SONAR at https://www.police.gov.sg/SONAR. This requires registering for an account. All practices should so register so that when necessary, they can make their STR without delay.

Case Study

Please refer to the case of *The Law Society of Singapore v Kang Bee Leng* [2019] SGDT 7.

(II) Obligations under the Rules

Client suspected of ML, FT or PF (2025 Rule 5)

167. Where you have reasonable grounds to suspect that a client may be engaged in ML, FT or PF, you **must** (2025 Rule 5(1))—

(a) disclose the suspicion, or the information on which the suspicion is based, by filing a STR with either or both of the following, as the case may be:
  (i) a Suspicious Transaction Reporting Officer;
  (ii) a police officer or Commercial Affairs Officer; and

(b) must consider if it is appropriate to —
  (i) continue a business relationship with the client; or
  (ii) establish a new business relationship with, or undertake a new matter for, the client.

168. If you continue a business relationship with, establish a new business relationship with, or undertake a new matter for, the client mentioned above, you must (2025 Rule 5(2))—

(a) substantiate the reasons for continuing or establishing the business relationship with, or undertaking the matter for, the client, and document those reasons; and
(b) subject the business relationship or matter to commensurate risk mitigation measures, including enhanced ongoing monitoring.

Inability to complete CDD measures (Rule 15)

169. Where you are is unable to complete any customer due diligence measures prescribed in this Part in relation to a client, you must (Rule 15(1)) —

(a) must not commence any new business relationship, and must terminate any existing business relationship, with the client;
(b) must not undertake any transaction for the client; and
(c) must consider whether to file a STR in relation to the client.

Tipping-off (2025 Rule 16)

170. Where you:
(a) suspect that a client may be engaged in ML, FT or PF; and
(b) have reason to believe that the performance of any CDD measures prescribed in Part 2 of the Rules will tip-off the client, any person acting on behalf of the client or any person on whose behalf the client is acting,

you —
(c) need not perform those CDD measures; but
(d) **must** instead file a STR with either or both of the following, as the case may be:
(i) a Suspicious Transaction Reporting Officer;
(ii) a police officer or Commercial Affairs Officer.

Duty to disclose under the TSOFA

171. There is a duty under section 8(1) of the TSOFA for every person in Singapore and every citizen of Singapore outside Singapore who has (inter alia) information about any transaction or proposed transaction in respect of any property belonging to any terrorist or terrorist entity, to file a STR. Failure to do so is an offence. The report can be made through SONAR.

Not to prejudice investigation

172. If you know or have reasonable grounds to suspect that a STR has been made, it would be an offence (section 57 of the CDSA and section 10B of the TSOFA) to disclose to any other person information or any other matter which is likely to prejudice any investigation which might be conducted following the disclosure.

Legal professional privilege

Advocates and solicitors

173. Singapore lawyers have a specific defence under section 45(5) of the CDSA from making disclosure of information that is protected by legal professional privilege as defined in section 3 of the CDSA. This definition of legal professional privilege closely follows the common law and in broad terms covers:

- communications between lawyer and client in connection with the giving of legal advice;
- communications between lawyer and client in connection with and for the purposes of any legal proceedings.

174. However, any communication, item or document that is made, prepared or held with the intention of furthering a criminal purpose is not covered by privilege. Although there are no reported Singapore decisions on the threshold for this illegality, this issue was recently considered by the English High Court in *Addlesee v Dentons Europe LLP*.[19] The judge ruled that the evidential threshold was a "strong prima facie case" - being lower than "a balance of probabilities" or the threshold for summary judgment, "that the defendant had no real prospect of success".

175. Since money laundering itself is illegal, in practice it is very likely that there will be very few instances where the practitioner will be able to rely on the privilege. In practice it is likely only to be in the following circumstances:

[19] 2020 EWHC 238.

- when being consulted by a client on whether the client should lodge an STR; and
- when being instructed by a client after the transaction has been completed, e.g. when the client is being investigated or prosecuted in relation to the subject transaction.

176. Practitioners should also bear in mind that the following information is not protected by privilege:

- identity and address of client (*JSC BTA Bank v Syram, Clyde & Co* [2011] EWHC 2163)
- work product e.g., company formation documents (*Time Super v ICAC* [2002] HKCFI 707) conveyancing documents (*ex P Baines & Baines* [1988] QB 579), contracts and declarations of trust (*DPP v Holman & Fenwick* unreported 13 Dec 1993)

Foreign practitioners

177. Owing to the restrictive drafting of sections 45(5) and 3 of the CDSA, foreign practitioners in Singapore are not able to rely on these provisions as a defence. However, Singapore law generally recognises that foreign lawyers can rely on legal professional privilege under the common law to the same extent that Singapore lawyers can. Accordingly, the comments above on the scope and nature of legal professional privilege will apply equally to them. To the extent that they need to rely on a statutory foundation, the foreign practitioner will have to rely on the defence under section 45(6) of the CDSA; that they had a reasonable excuse for not disclosing the information in question. If they are relying on a privilege that is coextensive with section 3 of the CDSA, it is very likely that a court will find that it is a "reasonable excuse".

178. However, foreign practitioners who wish to claim a wider privilege that they enjoy in their home jurisdiction may find that this will not be accepted as a reasonable excuse by a Singapore court. This is not an issue that has ever been addressed by the courts in Singapore and will almost certainly depend on the specifics of the situation.

How to file a STR?

179. A STR can be made directly to the STRO, which is the central agency in Singapore for the receipt, analysis and dissemination of STRs, under the Commercial Affairs Department of the Singapore Police Force. A STR should be filed electronically using the STRO Online Notices and Reporting platform ("**SONAR**") provided by STRO to file STRs.

180. A STR should be filed as soon as reasonably practicable upon the establishment of suspicion. The phrase "as soon as reasonably practicable" should be no longer than 5 business days. This will include some flexibility for exceptions e.g. prioritise STR filing for higher risk cases; and STRs for TFS/sanctions cases are to be filed within one business day, if not immediately.

Resource

Please refer to: https://www.police.gov.sg/SONAR

Please refer to **Annex F: Ministry of Law's Guidance on Analysis of Client Risk, Identification of Material Red Flags, Source of Wealth (SOW) Establishment, Ongoing Monitoring of Clients and their Transactions and Suspicious Transaction Report (STR) Filing Timeline dated 23 June 2025,** Section D (STR Filing Timeline)

6. Keeping of Records (Part 3 of the Rules)

(I) General comments

181. In accordance with section 70E(1) and (2) of Part 5A, you must maintain all documents and records:
(a) relating to each Relevant Matter in which you have acted; and
(b) obtained through CDD measures.

182. For law practices, this extends to any legal practitioner in the law practice (section 70E(2)).

183. The documents and records mentioned in section 70E(1) and (2) **must** be maintained for such periods as may be prescribed (section 70E(3)), and different periods may be prescribed for different documents and records (section 70E(4)).

184. Rule 19 requires keeping of records in respect of the Relevant Matter, that is, the business relationship itself, not the materials obtained through CDD measures. Rule 20, on the other hand, refers to keeping of records of the CDD materials and supporting evidence.

185. A law practice has the discretion to keep the records:
(a) by way of original documents;
(b) by way of photocopies of original documents; or
(c) in computerised or electronic form including a scanned form.

(II) Documents and records in relation to a Relevant Matter (Rule 19)

186. You must maintain a document or record relating to a Relevant Matter for **at least 5 years after** the completion of the Relevant Matter (Rule 19(1) and (2)). It would suffice for one set of documents or records to be maintained between the legal practitioner and the law practice.

187. The obligations to continue maintaining the documents and records may change in the circumstances as described in Rule 19(3) to (5).

(III) Document and records obtained through CDD measures (Rule 20)

188. You must maintain a document or record obtained through CDD measures for at least 5 years after termination of the business relationship with the client (Rule 20(1)(a) and (2)(a)), or after the date of a transaction (in relation to an occasional transaction) (Rule 20(1)(b) and(2)(b)). An occasional transaction refers to a transaction carried out in a single transaction or several operations which appear to be linked.

189. Examples of records to be kept, include the following:

(a) A copy each of the information and evidence of the client's, beneficiary owner's (if any) identity, and identity of individual purporting to act on behalf of a client. These include:
    (i) copies of all documents used in establishing and verifying the client's, beneficial owner's and the individual's (purporting to act on behalf of a client) identity; and
    (ii) the individual's authority to act on behalf of a client.
(b) Information on the purpose and intended nature of the business relationship.
(c) Written records that CDD measures are performed by a third party and the basis for relying on a third party to perform CDD.
(d) Written records of the analysis of the risks of ML, FT and PF.
(e) Written records of the basis for determining that a client falls into the categories for which an inquiry into the existence of beneficial owner is not required.
(f) Written records of the reasons for retaining a client where there are reasonable grounds for suspecting that the business relationship with the client involves engagement in ML, FT or PF.
(g) Written records of ongoing CDD measures.
(h) The legal practitioner or law practice's assessment where it performs enhanced CDD measures and the nature of the enhanced CDD measures.
(i) Written records of a determination whether to file a STR.

190. It would suffice for one set of documents or records to be maintained between the legal practitioner and the law practice.

(IV) Application

191. By referencing the completion of the Relevant Matter and the termination of the business relationship respectively, Rules 19 and 20 make clear the records obtained through CDD may need to be kept longer than the records obtained on the relevant transaction itself. In other words, records of a particular transaction, either as an occasional transaction or within the business relationship, must be kept for 5 years after the date the transaction is completed. All other documents obtained through CDD must be kept for 5 years after the termination of the business relationship with the client.

192. The requirement of a legal practitioner to maintain records and documents is on the legal practitioner who acted on the matter. It is possible that more than one legal practitioner was involved in the matter. However, not all the legal practitioners may have acted in preparing for or carrying out any transaction concerning a Relevant Matter. The obligations to perform CDD measures and to keep records would apply only to the legal practitioner(s) who acted in preparing for or carrying out any transaction concerning a Relevant Matter.

193. In the situation of a law practice dissolving or the license being revoked, and the legal practitioner ceasing to practise (Rules 19(3)(b) and 20(3)(b)), the proprietor or partner or director responsible for the file (subject to any agreement or understanding with the other legal practitioners (if any)), should continue to maintain the document or record.

(V) Sufficiency of document and records relating to Relevant Matters

194. You must take reasonable steps to ensure that the documents and records kept in relation to a Relevant Matter are sufficient to substantially permit a reconstruction of the Relevant Matter and of any transaction relating to the Relevant Matter, and if necessary, to provide evidence for the prosecution of an offence relating to the Relevant Matter (Rule 21(1) and (2)).

195. Rule 21 does not impose any additional obligations on legal practitioners or law practices over and above those set out in Rules 19 and 20.

(VI) Documents and records to be made available to Council

196. Council may pursuant to section 70F of Part 5A and Rule 26 inspect a legal practitioner, or a sole proprietor, partner or director of a law practice in order to ascertain whether Part 5A and the Rules are being complied with.

197. The Council may (Section 70F(5)) —
   (a) use the document, information or explanation obtained as a basis for proceedings under the LPA; and
   (b) disclose the document, information or explanation for all or any of the following purposes:
      (i) an investigation of a criminal offence, and any subsequent criminal proceedings;
      (ii) any disciplinary proceedings under section 70G(1) against a legal practitioner;
      (iii) any regulatory action under section 70G(2) against a law practice.

198. You must cooperate with these inspections and ensure that any documents, and records required by the Council for purposes of an inspection are produced to the Council or to any person appointed by the Council (Rule 22).

7. New Technologies, Services and Business Practices (Part 4 of the Rules)

(I) General comments

199. You must identify and assess the risks of ML, FT and PF that may arise in relation to (Rule 23) —
   (a) the development of any new service or new business practice (including any new delivery mechanism for any new or existing service); and
   (b) the use of any new or developing technology for any new or existing service.

200. Before offering any new service or starting any new business practice, or using any new or developing technology, you must (Rule 24):
   (a) undertake an assessment of the risks of ML, FT and PF that may arise in relation to the offering of that service, the starting of that business practice or the use of that technology; and
   (b) take appropriate measures to manage and mitigate those risks.

The assessment under Rule 24(a) will need to be documented.

(II) Virtual assets

201. One emerging area is in relation to virtual assets. If you act for clients in the virtual assets industry, you must assess the attendant risks of ML, FT and PF.

202. In particular, FATF has noted that the virtual asset ecosystem has seen the rise of anonymity-enhanced cryptocurrencies (AECs), mixers and tumblers, decentralised platforms and exchanges, and other types of products and services that enable or allow for reduced transparency and increased obfuscation of financial flows. There are many documented cases of criminal and terrorist groups using virtual assets and you must be alert to the risk.

203. There has also been the emergence of other virtual asset business models or activities such as initial coin offerings, that present fraud and market manipulation risks. In addition, there are new illicit financing typologies that continue to emerge, including the increasing use of virtual-to-virtual layering schemes that attempt to further obfuscate transactions in a comparatively easy, cheap and secure manner.

204. Legal practitioners and law practices may act for virtual asset clients in different capacities, including but not limited to assisting by providing escrow or trust services, legal opinions on the legitimacy of offerings and services, regulatory applications and advice, transactional support, corporate setup, and legal consulting services. They may also be advising exchanges and wallet providers in relation to their money laundering and terrorism financing policies and procedures, suspicious transaction reporting, and regulatory reporting requirements.

205. When acting for clients in the virtual assets industry, you should apply a risk-based approach when considering whether to establish or continue relationships with clients, evaluate the ML, FT and PF risks of the business relationship, and assess whether these risks can be appropriately mitigated and managed. You should also satisfy yourself that you have a sufficient understanding of the transactions that you are advising on so that you have a basis to make your assessment.

206. Depending on the scope and nature of work carried out for the client, you may also need to consider whether your firm needs to employ enhanced due diligence tools specific for the virtual assets industry to screen the client and the client's source of funds during the client onboarding process.

207. However, it is important that the risk-based approach should be applied properly, and clients are not excluded within the sector without a proper risk assessment.

208. The following indicators (not exhaustive) may warrant enhanced CDD:
   - the initial coin offering issuer requests funds to be distributed immediately after token distribution but before the completion of the project, or requests that the law practice distributes funds in a manner that deviates from the outlined structure in the white paper.

- the client requests tax advice or corporate setup advice in other jurisdictions to assist with the evasion of taxes, transfers of funds or to evade regulations.
- the founders or advisers of the initial coin offering have been linked to failed offerings or scams in the market, or there are falsehoods involved in their profiles or white paper claims.
- the client requests payment to be made from a third-party payer which does not seem to be clearly linked to the project or client.
- the source of funds or virtual assets cannot be clearly established.
- real world identity of the source of the virtual asset cannot be established.
- you appear to be interposed into a virtual asset transaction without any good commercial reason but rather to lend an appearance of legitimacy to a transaction.

209. You should ensure that you have sufficient technical expertise to evaluate your client's marketing claims so that you are able to properly assess the money laundering and terrorist financing risks of your client's business model and projects.

210. If you accept virtual assets as payment for legal services, sufficient information should be requested to verify the source of funds for payment. You should also consider whether enhanced due diligence tools would be required to help screen the source wallet address. You should assess the risks of using any virtual currency payment processors to convert virtual assets to fiat currencies.

Resource

Please see the FATF Guidance For a Risk-Based Approach To Virtual Currencies which is available here: https://www.fatf-gafi.org/en/publications/Fatfgeneral/Guidance-rba-virtual-currencies.html.

Annexes

Glossary

The following table summarises some key abbreviations used in this PD.

AML	Anti-Money Laundering
CDD	Customer Due Diligence
CDSA	Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992
CPF	Countering Proliferation Financing
CTF/ CFT	Countering Terrorism Financing / Countering the Financing of Terrorism
DLS	Director of Legal Services, Legal Services Regulatory Authority
DNFBP	Designated Non-Financial Businesses and Professions
ECDD	Enhanced Customer Due Diligence
FATF	Financial Action Task Force
LPA	Legal Profession Act 1966
LSS	Law Society of Singapore
MAS	Monetary Authority of Singapore
MER	Singapore Mutual Evaluation Report
ML	Money laundering
PCR	Legal Profession (Professional Conduct) Rules 2015
PEP/ PEI	Politically-exposed person/ Politically-Exposed Individual
PF	Proliferation Financing
RBA	Risk-based approach
Rules	Legal Profession (Prevention of Money Laundering, Financing of Terrorism and Proliferation Financing) Rules 2015
STR	Suspicious transaction report
STRO	Suspicious Transaction Reporting Office
SOW/ SOF	Source of Wealth/ Source of Funds
FT/ TF	Financing of Terrorism / Terrorism Financing
TFS	Targeted financial sanctions
TSOFA	Terrorism (Suppression of Financing) Act 2002
WMD	Weapons of Mass Destruction

Statutory Definitions

The following table identifies some key definitions used in this PD as at the date of publication. Please refer to the respective legislations for the full definitions.

Definition in the Legal Profession Act 1966	
Relevant matter (under section 70A(2))	Means any of the following matters - (a) acquisition, divestment or any other dealing of any interest in real estate; (b) management of client's moneys, securities or other assets, or of bank, savings or securities accounts; (c) creation, operation or management of any company, corporation, partnership, society, trust or other legal entity or legal arrangement; (d) acquisition, merger, sale or disposal of any company, corporation, partnership, sole proprietorship, business trust or other business entity; (e) any matter, in which a legal practitioner or law practice acts for a client, that is unusual in the ordinary course of business, having regard to — (i) the complexity of the matter; (ii) the quantum involved; (iii) any apparent economic or lawful purpose of the matter; and (iv) the business and risk profile of the client.
Definitions in the Legal Profession (Prevention of Money Laundering, Financing of Terrorism and Proliferation Financing) Rules 2015	
Beneficial owner	In relation to an entity or a legal arrangement — (a) means — (i) an individual who ultimately owns or controls the entity or legal arrangement; or (ii) an individual on whose behalf the entity or legal arrangement conducts a transaction concerning a relevant matter (being a transaction for which a legal practitioner or law practice is engaged); and (b) includes an individual who exercises ultimate effective control over the entity or legal arrangement.
Client	Includes — (a) in relation to contentious business, any person who, as a principal or on behalf of another person, retains or employs, or is about to retain or employ, a legal practitioner or law practice; and (b) in relation to non-contentious business, any person who, as a principal or on behalf of another person, or as a trustee, an executor or an administrator, or in any other capacity, has power, express or implied, to retain or employ, and retains or employs or is about to retain or employ, a legal practitioner or law practice.
Close associate	In relation to a politically-exposed individual, means an individual who is known to be closely connected to the politically-exposed individual, either socially or professionally, such as, but not limited to — (a) a partner of the politically-exposed individual; (b) an employee or employer of the politically-exposed individual; (c) a person accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the politically-exposed individual; or (d) a person whose directions, instructions or wishes the politically-exposed individual is accustomed or under an obligation, whether formal or informal, to act in accordance with.
Commercial Affairs Officer	Means a Commercial Affairs Officer appointed under section 64 of the Police Force Act 2004.

Countermeasure	Means a measure to prevent, or to facilitate the prevention of, ML, FT or PF in a foreign country or territory.
Domestic politically-exposed individual	Means an individual who is or has been entrusted with a prominent public function in Singapore.
Entity	Means a sole proprietorship, a partnership, a limited partnership, a limited liability partnership, a corporation sole, a company or any other association or body of persons corporate or unincorporate.
Family member	In relation to a politically-exposed individual, means a spouse, child (including an adopted child or a stepchild), sibling or parent of the politically-exposed individual.
Foreign country or territory	Means a country, territory or jurisdiction other than Singapore
Foreign politically-exposed individual	Means an individual who is or has been entrusted with a prominent public function in a foreign country or territory.
Higher risk business relationship	Means a business relationship in relation to which the risks of ML, FT and PF are raised under Rule 12(4).
Higher risk client	Means a client in relation to which the risks of ML, FT and PF are raised under Rule 12(4),
Legal arrangement	Means any express trust or other similar legal arrangement.
Politically-exposed individual	Means — (a) a foreign politically-exposed individual; (b) a domestic politically-exposed individual; or (c) an individual who has been entrusted with a prominent function in an international organisation.
Proliferation financing	Means the financing of proliferation of weapons of mass destruction.
Prominent function	In relation to an international organisation, means the role held by a member of the senior management of the international organisation (including a director, deputy director or member of a board of the international organisation, or an equivalent appointment in the international organisation).
Prominent public function	Includes the role held by a head of state, a head of government, a senior politician, a senior government, judicial or military official, a senior executive of a state-owned corporation or a senior political party official.

Relevant Singapore financial institution	Means — (a) a bank in Singapore licensed under section 7 of the Banking Act 1970; (b) a merchant bank that holds a merchant bank licence, or is treated as having been granted a merchant bank licence, under section 55S of the Banking Act 1970; (ba) a person that is a financial institution approved, or treated as approved, under section 4 of the Financial Services and Markets Act 2022; (c) a finance company licensed under section 6 of the Finance Companies Act 1967; (d) a financial adviser licensed under section 10 of the Financial Advisers Act 2001, except one which is licensed only in respect of the financial advisory service specified in paragraph 2 of the Second Schedule to that Act (namely, advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product); (e) a holder of a capital markets services licence granted under section 86 of the Securities and Futures Act 2001; (f) [Deleted by S 636/2024 wef 01/08/2024] (g) a person who is exempt from holding a financial adviser's licence under section 20(1)(g) of the Financial Advisers Act 2001 read with regulation 27(1)(d) of the Financial Advisers Regulations (Rg 2), except one who is exempt only in respect of the financial advisory service specified in paragraph 2 of the Second Schedule to that Act (namely, advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product); (h) a person who is exempt from holding a capital markets services licence under section 99(1)(h) of the Securities and Futures Act 2001 read with paragraph 7(1)(b) of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations; (i) a trustee approved under section 289 of the Securities and Futures Act 2001 for a collective investment scheme authorised under section 286 of that Act; (j) a trust company licensed under section 5 of the Trust Companies Act 2005; or (k) a direct insurer licensed under section 11 of the Insurance Act 1966 to carry on life business;
Suspicious transaction report or STR	Means a report by which a person — (a) discloses, under section 45(1) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992, any knowledge or suspicion referred to in that provision, or the information or other matter on which that knowledge or suspicion is based, to a Suspicious Transaction Reporting Officer; or (b) informs, under section 8(1) of the Terrorism (Suppression of Financing) Act 2002, a police officer or Commercial Affairs Officer, of any fact or information referred to in that provision.
Suspicious Transaction Reporting Officer	Has the same meaning as in section 2(1) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992.

Annex A: Ministry of Law's Information and Guidance on Countering the Financing of Terrorism dated 28 February 2025

To access the Ministry of Law's Information and Guidance on Countering the Financing of Terrorism dated 28 February 2025, please click this link to the AML portal on the LSS website.

Annex B1: Sample Firm Wide Risk Assessment Template

To access the LSS Sample Firm Wide Risk Assessment Template, please click this link to the AML portal on the LSS website.

Annex B2: CDD Measures vis-à-vis Client Type

S/N	Client Type	Applicable CDD Measures
1.	**Individual**	If your client is an individual, you must first ascertain the identity of the client. You must also verify your client's identity using objectively reliable and independent source documents, data or information, and identify and, if appropriate, obtain information on the purpose and intended nature of the business relationship with the client (Rules 6(1)(a), 6(1)(b) and 6(1)(d) of the Rules). To ascertain the identity of a client, you must at least obtain and record the following information: (a) full name, including any alias; (b) date of birth; (c) nationality; and (d) residential address. If it is necessary you should also obtain information on the client's occupation and address of the employer; or if self-employed, the name and place of the client's business. Similarly, if required, you should understand the source of funds and source of wealth of the client. You must verify the client's identity using objectively reliable and independent source documents, data or information to ensure that the information obtained and recorded is authentic. Examples of objectively reliable and independent source documents include the following original documents: (a) identity cards; (b) passports; (c) driving licences; (d) work permits; and (e) other appropriate photo identification. It is permissible to rely on the digital ID accessible via SingPass biometric verification provided the verification is witnessed by you. Please note that law practices are permitted to collect personal data for the purposes of providing legal services (Personal Data Protection Act 2012). If your client is unable to produce original documents, and there is a reasonable explanation for not doing so, you may consider accepting copies. In face-to-face engagements there should be very few cases when the client is unable to provide original identification documents. If appropriate, you may require that these documents be certified as true copies by other professionals (for example, lawyers or notaries), but this is not necessary if it is a straightforward matter and the risks of ML/FT/PF and misidentification of the client are low.

S/N	Client Type	Applicable CDD Measures
		If you are unable to meet the client face to face, you may rely on a copy of the identity document(s). If appropriate, you may require that these documents be certified as true copies by other professionals (for example, lawyers or notaries), but this is not necessary if it is a straightforward matter and the risks of ML/FT/PF and misidentification of the client are low. You may consider alternative measures such as getting the client to allow you to inspect his original identity document over a video call. You should look out for obvious forgeries, but you are not required to be an expert in forged documents. In this respect you may wish to refer to the guidance and facility available on the ICA website for verifying that the Singapore NRIC is genuine. The Ministry of Manpower also has guidance and a facility to verify Singapore Work Passes. You should understand the exact nature of the work that you are being engaged to perform and understand how such engagement could facilitate the movement or obscure the provenance of the proceeds of crime. Where you do not have the requisite expertise to understand the engagement, you should not undertake the work. You need to be reasonably satisfied that there is a commercial or personal rationale for the work to be done. Do not accept vague answers such as "for business purposes".
2.	**Entity or legal arrangement**	If your client is an entity or legal arrangement, you must ascertain the identity the client, and verify the client's identity, respectively, through the following information (Rule 6(2) of the Rules) – (a) the name of the client; (b) the legal form of the client; (c) the documents that prove the existence of the client; (d) the documents that regulate and bind the client; (e) the individuals in the senior management of the client; (f) the address of the registered office of the client; and (g) the address of the principal place of business of the client, if the registered office of the client is not a principal place of business of the client. You must obtain and record the following information – (a) full name; (b) incorporation number or registration number; (c) address of place of business or registered office address and telephone number; (d) the date of incorporation or registration; and (e) the place of incorporation or registration.
3.	**Singapore sole proprietorship, partnership, limited**	If your client is a Singapore sole proprietorship, partnership, limited partnership, limited liability partnership, or a company, a profile of the entity obtained from the Accounting and Corporate Regulatory Authority's ("ACRA") database is generally sufficient to establish the existence of the client and that it is incorporated/registered in Singapore, the name and legal form of the client, the

S/N	Client Type	Applicable CDD Measures
	partnership, limited liability partnership, or a company	identities of its directors/partners (including individuals in the senior management), the address of the registered office and the address of the principal place of business. You should obtain from your client the documents that regulate and bind the client (such as the constitution, or the memorandum and articles of association, of a company, if the client is a company, or the trust deed of an express trust, if the client is an express trust).
4.	**Foreign entity**	For an overseas sole proprietorship, partnership, limited partnership, limited liability partnership, or a company, the same particulars as required for a Singapore entity must be obtained. If the necessary documents cannot be obtained from a body in a foreign country equivalent to ACRA, the entity's identity could be verified independently by a person/body responsible in that foreign country for the regulation of companies or by another professional or by other reasonable means. (As a guide, a non-exhaustive list of foreign regulators of companies can be found at the following link – http://www.ecrforum.org/worldwide-registers/) If you are satisfied that there is little or no risk of ML/FT/PF or such risk is low and you have no suspicions of the same, you may obtain information on the identity of the client from (i) a structure chart (of the entity) provided by the client directly or (ii) information available on the client's website or (iii) information available from the client's annual reports or (iv) information from any publicly known source that is reliable.
5.	**Trusts**	Before acting for a trust, you must, ascertain the identity and particulars of each trustee, relevant party, effective controllers, and service suppliers (trustees must be identified in accordance with their categorisation, natural person or company etc) and the nature of the trust.
6.	**Attorneys**	If you are acting for an attorney, you must identify both the principal and the attorney. You must cease or refuse to act for a client who gives a power of attorney in favour of any person without any apparent reason, and refuses to explain why a power of attorney is given and/or is reluctant to provide the identity documents of the attorney or principal.
7.	**Singapore charities, clubs and societies**	If you are acting for a charity or a society, you must check that the registration number for the charity or society or club is correct. For charities, you should check with the Commissioner for Charity and for societies, the Registrar of Societies. You must obtain the names of all trustees and officers of the charity, club or society before accepting the retainer.
8.	**Foreign charities, clubs and societies**	For an overseas charity, club and society, the same particulars as required for a Singapore charity, club and society must be obtained. If the necessary information cannot be obtained from a body in a foreign country equivalent to the Commissioner for Charity or the Registrar of Societies, the entity's identity could be verified independently by a person/body responsible in that foreign country for the regulation of charities, clubs and societies or by another professional or by other reasonable means.

S/N	Client Type	Applicable CDD Measures
9.	**Singapore co-operatives**	If you are instructed to act for a co-operative society, you must check the registration particulars of the co-operative or check the same with the Registrar of Co-operative Societies. You must obtain the names of the members of the committee of management and officers of the co-operative before accepting the retainer.
10.	**Management corporations**	If you are acting for a management corporation, you must obtain the names of all officers of the Management Council of the management corporation before accepting the retainer.
11.	**Estates**	If you are instructed to act for an estate, you must have sight of the death certificate and if applicable, the original will or a certified true copy of the will of the deceased. You must also obtain the relevant identity documents to establish the identities of the executors or administrators of the deceased estate and where applicable, the original or certified true copy of the letters of administration or probate.

Annex B3: Types of Beneficial owners

S/N	Type of beneficial owner	Details
1.	**Company, foreign company, limited liability partnership**	The beneficial owner of a company, foreign company and limited liability partnership, is any individual who: (a) ultimately owns or controls (whether through direct or indirect ownership or control) more than 25% of the shares or voting rights of the client; or (b) otherwise exercises effective control over the management of the client.
2.	**Partnership**	The beneficial owner of a partnership, is any individual who: (a) is ultimately entitled to or controls (whether the entitlement or control is direct or indirect) more than 25% of the share of the capital or profits or more than 25% of the voting rights of the partnership; or (b) otherwise exercises effective control over the management of the partnership.
3.	**Trust**	The beneficial owner: (a) of a trust includes any individual who is entitled to a vested interest in at least 25% of the capital of the trust property. 'Vested interest' is defined as an interest that a person is currently entitled to, without any pre-conditions needing to be fulfilled; (b) of a trust includes any individual who has control over the trust. 'Control' is defined as a power whether exercisable alone, jointly with another person or with the consent of another person under the trust instrument or by law: to dispose of, advance, lend, invest, pay or apply trust property; vary the trust; add or remove a person as a beneficiary to or from a class of beneficiaries; appoint or remove trustees; or direct, withhold consent to or veto the exercise of any of the above powers; or (c) of a trust other than one which is set up or which operates entirely for the benefit of individuals entitled to a vested interest in at least 25% of the capital of the trust property, includes the class of persons in whose main interest the trust is set up or operates, and the class must be described.
4.	**Other legal arrangements**	The beneficial owners of other legal arrangements are: (a) where the individuals who benefit from the legal arrangement have been determined, any individual who benefits from at least 25% of the property of the legal arrangement; (b) where the individuals who benefit from the legal arrangement have yet to be determined, the class of persons in whose main interests the legal arrangement is set up or operates; or (c) an individual who controls at least 25% of the property of the legal arrangement.

Annex B4: High Risk factors for ML/ FT

S/N	High risk factor group	Examples
1.	**Client risk**	Examples of client risk factors may include, but are not limited to the following: (a) non-resident client and client who has no address or multiple addresses. (b) client or beneficial owner who is a politically-exposed individual or a family member or close associate of any such individual. (c) legal persons or arrangements that are personal asset holding vehicles. (d) companies with nominee shareholders or bearer shares. (e) businesses that are cash-intensive. (f) client with criminal convictions involving fraud or dishonesty. (g) client shows an unusual familiarity with respect to the ordinary standards provided for by the law in the matter of satisfactory client identification. (h) client who asks for short-cuts and unexplained speed in completing the transaction. (i) client is overly secretive or evasive (for example, of who the beneficial owner is, or the source of funds). (j) client is actively avoiding personal contact without good reason. (k) client is willing to pay fees without requirement for legal work to be undertaken (other than deposits as requested by you in advance of the work to be undertaken). (l) significant discrepancies in client's representation against independently sourced documents, such as corporate documents on shareholdings/ directorship. (m) incongruent description of the nature of business stated in company's business licence/profile or website vis-à-vis client's representation. (n) documents furnished by client appear to contain discrepancies, be products of tampering or are potentially fraudulent. (o) client holding multiple nationalities without legitimate reasons. (p) client who refuses to provide requested information. (q) client or related persons connected to adverse news related to ML/TF/PF, corruption, tax evasion. (r) transactions that appear to be beyond the means of the client based on stated or known occupation or income, experience in the industry or known share capital or period of incorporation. (s) the client or the declared owner of the funds is traced to adverse news.

S/N	High risk factor group	Examples
2.	**Country/territory risk**	Examples of country/territory risk factors includes (see Rule 12(4) of the Rules): (a) the client is from or in, or the transaction relates to, any foreign country or territory in relation to which the FATF has called for countermeasures or enhanced customer due diligence measures; (b) the client is from or in any foreign country or territory known to have inadequate measures to prevent ML, FT or PF, as determined by the legal practitioner or law practice, or as notified to the legal practitioner or law practice generally by the Society or Director of Legal Services; (c) the client is from or in, or the transaction relates to, any foreign country or territory that the FATF has identified as a country, territory or jurisdiction subject to increased monitoring; or (d) the legal practitioner or law practice has reason to believe that the client, any person acting on behalf of the client or any person on whose behalf the client is acting, or the transaction, presents a high risk of ML, FT or PF.
3.	**Business relationship with the client**	Examples of risk factors in respect of the business relationship with the client may include, but are not limited to the following: (a) instructions to a legal practitioner or law practice at a distance from the client or transaction without legitimate or economic reason. (b) instructions to a legal practitioner or law practice without experience in a particular specialty or without experience in providing services in complicated or especially large transactions. (c) use of client account without underlying legal services provided. (d) payments are made by the client in actual cash (in the form of notes and coins). (e) the transaction relates to, any country or jurisdiction in relation to which the FATF has called for countermeasures or enhanced client due diligence measures. (f) disproportionate amount of private funding for the purchase of real estate/property which is inconsistent with the socio-economic profile of the client. (g) large cash payments made for purchase of interest in land whose value is far less, or the method of funding is unusual such as funding from a third party, or there is an absence of any logical explanation from the parties why the property is owned by multiple owners or by nominee companies. (h) unusually high levels of assets or unusually large transactions in relation to what might reasonably be expected of clients with a similar profile. (i) transfer of real estate between parties in an unusually short time period. (j) requests by the client for payments to third parties without substantiating reason or corresponding transaction. (k) instructions by the client for the creation of complicated ownership structures where there is no legitimate or economic reason. (l) disputes which are settled too easily, with little involvement by the legal practitioner or law practice (may indicate sham litigation). (m) abandoned transactions with no concern for the fee level.

S/N	High risk factor group	Examples
		(n) loss making transactions where the loss is avoidable. (o) an absence of documentation to support the client's story, previous transactions or company activities. (p) unexplained use of express trusts. (q) unexplained delegation of authority by the client through the use of powers of attorney, mixed boards and representative offices. (r) in the case of express trusts, an unexplained relationship between a settlor and beneficiaries with a vested right, other beneficiaries and persons who are the object of a power. (s) in the case of an express trust, an unexplained (where explanation is warranted) nature of classes of beneficiaries and classes within an expression of wishes. (t) unusually large upfront payments (including cash, casher's orders, bank transfers) which are not consistent with expected or known client profile. (u) payments received from third parties for the same transaction without apparent legitimate business purpose. (v) transactions involving virtual assets, especially where ownership of the virtual assets cannot be easily traced to the customer. (w) large payments of stamp duties/ additional buyer's stamp duties/ penalties involved to which the client is indifferent or nonchalant in relation to what might reasonably be expected of clients with a similar profile.

Annex B5: High Risk Factors for PF

S/N	High risk factors for PF	Examples
1.	**Client risk**	Examples of high risk factors for PF may include, but are not limited to the following: (a) transaction involves person or entity in foreign country of proliferation concern; (b) transaction involves person or entity in foreign country of diversion concern; (c) the client or counter-party or its address is similar to one of the parties found on publicly available lists of "denied persons" for the purposes of export control regimes; (d) client activity does not match business profile, or end-user information does not match end-user's business profile; (e) a freight forwarding firm is listed as the product's final destination; (f) order for goods is placed by firms or persons from foreign countries other than the country of the stated end-user; (g) transaction involves shipment of goods incompatible with the technical level of the country to which it is being shipped, (e.g. semiconductor manufacturing equipment being shipped to a country that has no electronics industry); (h) transaction involves possible shell companies (e.g. companies do not have a high level of capitalisation or displays other shell company indicators); (i) transaction demonstrates links between representatives of companies exchanging goods i.e. same owners or management; (j) circuitous route of shipment (if available) and/or circuitous route of financial transaction; (k) trade finance transaction involves shipment route (if available) through country with weak export control laws or weak enforcement of export control laws; (l) transaction involves persons or companies (particularly trading companies) located in countries with weak export control laws or weak enforcement of export control laws; (m) transaction involves shipment of goods inconsistent with normal geographic trade patterns (e.g. does the country involved normally export/import good involved); (n) transaction involves financial institutions with known deficiencies in AML/CFT/CPF controls and/or domiciled in countries with weak export control laws or weak enforcement of export control laws; (o) based on the documentation obtained in the transaction, the declared value of the shipment was obviously under-valued vis-à-vis the shipping cost; (p) inconsistencies in information contained in trade documents and financial flows, such as names, companies, addresses, final destination etc; (q) pattern of wire transfer activity that shows unusual patterns or has no apparent purpose; (r) customer vague/incomplete on information it provides, resistant to providing additional information when queried; (s) new customer requests letter of credit transaction awaiting approval of new account; (t) wire instructions or payment from or due to parties not identified on the original letter of credit or other documentation; (u) involvement of items controlled under WMD export control regimes or national control regimes; (v) involvement of a person connected with a country of proliferation concern (e.g. a dual-national), and/or dealing with complex equipment for which he/she lacks technical background; (w) use of cash or precious metals (e.g. gold) in transactions for industrial items;

S/N	High risk factors for PF	Examples
		(x) involvement of a small trading, brokering or intermediary company, often carrying out business inconsistent with their normal business; (y) involvement of a customer or counter-party, declared to be a commercial business, whose transactions suggest they are acting as a money-remittance business; (z) transactions between companies on the basis of "ledger" arrangements that obviate the need for international financial transactions; (aa) customers or counterparties to transactions are linked (e.g. they share a common physical address, ip address or telephone number, or their activities may be coordinated); (bb) involvement of a university in a country of proliferation concern; (cc) description of goods on trade or financial documentation is non-specific, innocuous or misleading; (dd) evidence that documents or other representations (e.g. relating to shipping, customs, or payment) are fake or fraudulent; and (ee) use of personal account to purchase industrial items.

Annex C: Sample CDD Checklist Template

To access the LSS sample CDD Checklist Template, please click this link on the AML portal on the LSS website.

Annex D: Sample Ongoing CDD Checklist Template

To access the LSS sample Ongoing CDD Checklist Template, please click this link to the AML portal on the LSS website.

Annex E: Specific customer due diligence measures for legal practitioners who act as trustees

E1: Identification and verification of relevant parties

S/N	Type of relevant party	Details
1.	**Individual**	You must take reasonable steps to ensure that the following information is obtained from the relevant parties. (a) full name, including any aliases; (b) identity card number, birth certificate number, passport number, or other similar unique identification number issued by a government authority; (c) residential address; (d) date of birth; and (e) nationality. You must also take reasonable steps to verify the relevant party's identity using objectively reliable and independent source documents, data or information to ensure that the information obtained and recorded is authentic. Examples of objectively reliable and independent source documents include the following original documents: (a) identity cards; (b) passports; (c) birth certificates; (d) driving licences; and (e) work permits. If the relevant party is unable to produce original documents for a good reason, you may consider accepting documents that are certified to be true copies by other professionals (for example lawyers or notaries). If you are unable to meet the relevant party face to face, you may rely on a certified true copy of the identity document(s). You should take appropriate precautions to ensure that the relevant party's identity document(s) are adequately and independently certified. You should look out for obvious forgeries, but you are not required to be an expert in forged documents.

S/N	Type of relevant party	Details
2.	**Entity or legal arrangement**	If the relevant party is an entity or legal arrangement, you must take reasonable steps to ensure that the following information is obtained from the relevant parties: - (a) full name; (b) incorporation number or business registration number; (c) registered or business address; (d) its principal place of business (if different from the registered address); (e) the date of constitution, incorporation or registration; (f) the place of incorporation or registration; and (g) the following information about every connected individual of the entity: (i) his or her full name, including any aliases; (ii) his or her identity card number, birth certificate number, passport number, or other similar unique identification number issued by a government authority. You must also take reasonable steps to verify the relevant party's identity using objectively reliable and independent source documents, data or information to ensure that the information obtained and recorded is authentic. Examples of objectively reliable and independent source documents include the following original documents: (a) the documents that prove the existence of the relevant party; (b) the documents that regulate and bind the relevant party; (c) the individuals in the senior management of the relevant party; (d) the address of the registered office of the relevant party; and (e) the address of the principal place of business of the relevant party, if the registered office of the client is not a principal place of business of the relevant party.
3.	**Service suppliers**	You must take reasonable steps to ensure that the following information is obtained from each person who is appointed or engaged as a service supplier to the relevant trust: - (a) the name of the service supplier; (b) the registered or business address of the service supplier; (c) the contact details of the service supplier; and (d) where the service supplier is an entity, the name of the individual who is authorised to act for the service supplier.

E2: Identification and verification of effective controllers of relevant parties

S/N	Type of relevant party	Details
1.	**Effective controllers**	You must take reasonable steps to ensure that the following information is obtained from the effective controllers of relevant parties: - (a) full name, including any aliases; (b) identity card number, birth certificate number, passport number, or other similar unique identification number issued by a government authority; (c) residential address; (d) date of birth; and (e) nationality. You must also take reasonable steps to verify the effective controller's identity using objectively reliable and independent source documents, data or information to ensure that the information obtained and recorded is authentic. Examples of objectively reliable and independent source documents include the following original documents: (e) identity cards; (f) passports; (g) birth certificates; (h) driving licences; and (i) work permits. If the effective controller is unable to produce original documents for good reason, you may consider accepting documents that are certified to be true copies by other professionals (for example lawyers or notaries). If you are unable to meet the effective controller face to face, you may rely on a certified true copy of the identity document(s). You should take appropriate precautions to ensure that the effective controller's identity document(s) are adequately and independently certified. You should look out for obvious forgeries, but you are not required to be experts in forged documents.

E3: Obligations for legal practitioners who act as trustees

S/N	Obligation	Details
1.	**Obligation to disclose to specified persons that trustees are acting for relevant trusts**	Subject to any rule of law relating to a trustee's duty of confidentiality, when forming a business relationship with a specified person in your capacity as a trustee, you must inform the specified person at or before the business relationship is formed of your status as a trustee. This includes dealings with both local and foreign lawyers.
2.	**Obligation to keep accounting records**	You must take reasonable steps to ensure that there are kept in respect of the relevant trust, accounting records including the following: (a) details of all sums of money received and expended by the relevant trust, and the matters in respect of which the receipt and expenditure takes place; (b) details of all sales, purchases and other transactions by the relevant trust; (c) details of the assets and liabilities of the relevant trust; (d) underlying documents (including but not limited to invoices and contracts); and (e) such notes as may be necessary to give a reasonable understanding of the details. These details and documents must meet the following requirements: (a) in the case of a trust that is a relevant trust on 30 April 2017 — (i) correctly explain all the transactions entered into by the relevant trust after 30 April 2017; (ii) enable the financial position of the relevant trust after 30 April 2017 to be determined with reasonable accuracy; and (iii) enable financial statements of the relevant trust in respect of any period after 30 April 2017 to be prepared; (b) in the case of a relevant trust created after 30 April 2017 — (i) correctly explain all the transactions entered into by the relevant trust on or after it is created; (ii) enable the financial position of the relevant trust on or after it is created to be determined with reasonable accuracy; and (iii) enable financial statements of the relevant trust in respect of any period on or after it is created to be prepared; and (c) in the case of a trust that is not a relevant trust on 30 April 2017 but which becomes a relevant trust after 30 April 2017 —

S/N	Obligation	Details
		(i) correctly explain all the transactions entered into by the relevant trust more than 30 days after it becomes a relevant trust; (ii) enable the financial position of the relevant trust more than 30 days after it becomes a relevant trust to be determined with reasonable accuracy; and (iii) enable financial statements of the relevant trust in respect of any period more than 30 days after it becomes a relevant trust to be prepared.
3.	**Obligation to maintain and update obtained information**	As an additional safeguard, you are expected to: - (a) obtain and maintain adequate, accurate and current information on the identities of the settlor, each trustee, the protector (if any) and each beneficiary or class of beneficiaries of the trust, relevant parties and effective controllers; (b) obtain and maintain basic information on every other service supplier; (c) maintain the above information for at least five (5) years after the legal practitioner's involvement with the trust ceases; and (d) ensure that the information is kept accurate and as up-to-date as possible, and is updated on a timely basis.

E4: Timing of CDD measures for obtaining and verifying basic information about relevant trust parties, effective controllers and service suppliers

For the purposes of obtaining and verifying basic information about relevant trust parties, effective controllers and service suppliers, the reasonable steps must be taken within the time specified:

S/N	Purpose	Reasonable steps must be taken within the time specified
1.	in the case of a trust that is a relevant trust on 30 April 2017 –	(a) on or before 30 May 2017; or (b) in respect of any of the following relevant parties, effective controllers or service suppliers that are not known to the trustee on or before 30 May 2017 - as soon as reasonably practicable after the relevant parties, effective controllers and service suppliers are known to the trustee: (i) a beneficiary; (ii) a protector; and/or (iii) a person who has any power over the disposition of any property that is subject to the relevant trust;
2.	in the case of a relevant trust created after 30 April 2017 -	(a) in respect of any of the following relevant parties, effective controllers or service suppliers - before the trustee exercises or performs any function, duty or power in respect of the relevant trust: (i) a settlor; and/or (ii) another trustee; or (b) in respect of any of the following relevant parties, effective controllers or service suppliers - as soon as reasonably practicable after the relevant parties, effective controllers or service suppliers is known to the trustee: (i) a beneficiary; (ii) a protector; and/or (iii) a person who has any power over the disposition of any property that is subject to the relevant trust; and
3.	in the case of a trust that is not a relevant trust on 30 April 2017 but which becomes a relevant trust after 30 April 2017:	(a) within 60 days after the date on which the trust becomes a relevant trust; or (b) in respect of any of the following relevant parties, effective controllers or service suppliers that is not known to the trustee within the time specified in sub-paragraph (a) - as soon as reasonably practicable after the relevant parties, effective controllers or service suppliers are known to the trustee: (i) a beneficiary; (ii) a protector; and/or (iii) a person who has any power over the disposition of any property that is subject to the relevant trust.

Annex F: Ministry of Law's Guidance on Analysis of Client Risk, Identification of Material Red Flags, Source of Wealth (SOW) Establishment, Ongoing Monitoring of Clients and their Transactions and Suspicious Transaction Report (STR) Filing Timeline dated 23 June 2025

To access the Ministry of Law's Guidance on Analysis of Client Risk, Identification of Material Red Flags, Source of Wealth (SOW) Establishment, Ongoing Monitoring of Clients and their Transactions and Suspicious Transaction Report (STR) Filing Timeline dated 23 June 2025, please click this link to the AML portal on the LSS website.