



Circular No: 10/2015
28 Aug 2015

To Traders and Declaring Agents

Dear Sir/Madam

ADVISORY: COMBATING TERRORISM FINANCING AND PROLIFERATION FINANCING

As a member of the United Nations (UN), Singapore is committed to give effect to the requirements under the UN Security Council Resolutions. The requirements are made through legally binding Regulations issued pursuant to the UN Act (“UN Regulations”).

2 All persons in Singapore have to comply with the UN Regulations¹. Among other provisions, the UN Regulations prohibit persons in Singapore from dealing with the UN-designated individuals and entities. Any breach of the Regulations could subject an individual to a fine not exceeding \$500,000 or to imprisonment for a term not exceeding 10 years or to both; or in any other case, to a fine not exceeding \$1 million.

3 For more information on your obligations under the UN Regulations, please refer to the “Targeted Financial Sanctions – For Non-Financial Institutions and Natural Persons in Singapore” section on the Monetary Authority of Singapore’s (MAS) webpage: <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Anti-Money-Laundering-Countering-The-Financing-Of-Terrorism-And-Targeted-Financial-Sanctions/Targeted-Financial-Sanctions.aspx>.

4 To facilitate compliance with the UN Regulations, traders and declaring agents are strongly encouraged to subscribe to the “Anti-Money Laundering/Countering the Financing of Terrorism and Targeted Financial Sanctions” section of the MAS website through the following link: <http://www.mas.gov.sg/Email-Subscription.aspx>. Doing so 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 jurisdictions with strategic Anti-Money

¹ Except for financial institutions regulated by the Monetary Authority of Singapore (MAS), which have to comply with corresponding MAS Regulations.

Laundering/Countering the Financing of Terrorism deficiencies identified by the Financial Action Task Force².

5 A list of Frequently Asked Questions (FAQs) is attached as **Annex A** for your reference. For further enquiries or clarification on combating terrorism financing and proliferation financing, please write to webmaster@mas.gov.sg.

Yours faithfully

Joyce Lim
Head Policy & Research
for Director-General of Customs
Singapore Customs

This circular is prepared with inputs from the Monetary Authority of Singapore.

(This is a computer-generated circular. No signature is required.)

We hope that this circular has been written in a way that is clear to you. If not, please let us have suggestions on how to improve this circular at customs_feedback@customs.gov.sg.

² The Financial Action Task Force (FATF) is the international standard setter on combating money laundering and the financing of terrorism and proliferation. Singapore is a member of the FATF.

ANNEX A – FAQs ON COMBATING TERRORISM FINANCING AND PROLIFERATION FINANCING

1. What is terrorism financing and proliferation financing?

In general, terrorism financing is the funding of terrorist operations as well as broader organisational costs to develop and maintain an infrastructure of organisational support or to promote the ideology of a terrorist organisation³.

Terrorism financing involves amounts that may not be large and the associated transactions may not necessarily be complex. The source of funds may be derived from criminal activities such as kidnapping, extortion, fraud or drug dealing. The source of funds may also be derived from legitimate means such as from membership dues, sales of publications, donations from persons or entities sympathetic to their cause and income from legitimate employment or business operations.

In general, proliferation is the transfer and export of technology, goods, software, services or expertise that could be used in nuclear, chemical or biological weapon-related programmes, including delivery systems. Proliferation financing is the provision of financial services for such transfer and export, including financial support to individuals or entities engaged in proliferation.

Proliferators are known to use intermediaries and front companies to arrange for the trade and export of goods by witting or unwitting companies, so as to ensure that authorities do not detect the real end-use of sensitive goods. To circumvent export controls, intermediaries and front companies may in turn use fraudulent documents, such as false end-use certificates, and forged export and re-export certificates.

2. Under the UN Regulations, what are the existing obligations for non-financial institutions and natural persons in Singapore?

Non-financial institutions and natural persons in Singapore are prohibited from dealing with designated individuals and entities as defined in the respective UN Regulations. The prohibitions include:

- Prohibition against dealing with property of designated persons; and
- Prohibition against provision of resources and services for benefit of designated persons.

³ The funds are used to, for instance, promote a militant ideology, pay operatives and their families, arrange for travel, train new members, forge documents, pay bribes, acquire weapons and stage attacks.

The full texts of the UN Act and the UN Regulations are available at the Singapore Statutes Online, which can be accessed at the following link: <http://statutes.agc.gov.sg/aol/browse/titleResults.w3p;letter=U;type=actsAll>

3. How do I check whether or not my customers are UN-designated individuals and entities?

You should screen both existing and prospective customers against publicly available lists of UN-designated individuals and entities.

The lists of designated individual and entities may be accessed through this link: <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Anti-Money-Laundering-Countering-The-Financing-Of-Terrorism-And-Targeted-Financial-Sanctions/Targeted-Financial-Sanctions/Lists-of-Designated-Individuals-and-Entities.aspx>

You are encouraged to subscribe to the “Anti-Money Laundering/Countering the Financing of Terrorism and Targeted Financial Sanctions” section of the MAS website through <http://www.mas.gov.sg/Email-Subscription.aspx>. By doing so, you will be alerted to changes to the lists of UN-designated individuals and entities as well as other relevant announcements, such as jurisdictions with strategic Anti-Money Laundering/Countering the Financing of Terrorism deficiencies identified by the Financial Action Task Force.

4. If I find my customer’s name on the UN sanctions lists, what should I do?

If you encounter a customer or transaction that is covered by the UN sanctions lists, you should immediately comply with the relevant UN Regulations. Generally, the UN Regulations prohibit you from dealing in any property of the designated person or making available any funds, financial assets or economic resources to the designated person. If appropriate, you should also lodge a Suspicious Transaction Report with the Suspicious Transaction Reporting Office of the Commercial Affairs Department (CAD).

5. What is a Suspicious Transaction Report?

A Suspicious Transaction Report is made where a person knows or has reason to suspect that any property is directly or indirectly connected to criminal conduct, and the knowledge or suspicion arose during the course of the person’s trade, profession, business or employment.

The requirement for a person to file a Suspicious Transaction Report is found in section 39 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (CDSA). The failure to report a Suspicious Transaction Report is an offence and is punishable with a fine of up to \$20,000.

6. How do I file a Suspicious Transaction Report?

You can submit a Suspicious Transaction Report to the Suspicious Transaction Reporting Office of the CAD in writing (addressed to Head, Suspicious Transaction Reporting Office) or via email to STRO@spf.gov.sg. More details on how to lodge a Suspicious Transaction Report are available on the CAD's website through the following link: <http://www.cad.gov.sg/aml-cft/suspicious-transaction-reporting-office/suspicious-transaction-reporting>.

7. Where can I find more information on terrorism financing, proliferation financing and the obligations under the UN Regulations?

For more information, please refer to the "Anti-Money Laundering/Countering the Financing of Terrorism and Targeted Financial Sanctions" section of the MAS website at the following link: <http://www.mas.gov.sg/Regulations-and-Financial-Stability/Anti-Money-Laundering-Countering-The-Financing-Of-Terrorism-And-Targeted-Financial-Sanctions.aspx>.

You can also subscribe to this section of the MAS website through <http://www.mas.gov.sg/Email-Subscription.aspx>. By doing so, you will be alerted to changes to the lists of UN-designated individuals and entities as well as other relevant announcements, such as jurisdictions with strategic Anti-Money Laundering/Countering the Financing of Terrorism deficiencies identified by the Financial Action Task Force.