

Trustees' Anti Money Laundering / Countering the Financing of Terrorism Obligations

Dear Sir/Mdm,

1. This note summarises trustees' Anti Money Laundering and Countering the Financing of Terrorism ("AML/CFT") obligations under Part 7 of the Trustees Act 1967 and the Trustees (Transparency and Effective Control) Regulations 2017, which we encourage you to share with clients who are trustees.

A. Trustees and the relevant AML/CFT Obligations

2. An express trust is formed when a settlor intentionally transfers property to a trustee, for the trustee to hold on trust for beneficiaries. The trustee is the legal owner of the property held under the trust, while the beneficiaries have a beneficial interest and are entitled to benefit from the trust property.
3. Trustees are required to comply with rules relating to AML/CFT. The two main sets of AML/CFT rules for trustees are:
 - (a) [MAS' Notice TCA-N03 on the Prevention of Money Laundering and Countering the Financing of Terrorism](#) ("MAS Notice TCA-N03"): Applicable to Licensed Trust Companies ("LTCs")¹ and Private Trust Companies ("PTCs")²; and
 - (b) [Part 7 of the Trustees Act 1967](#) ("Trustees Act") and [Trustees \(Transparency and Effective Control\) Regulations 2017](#) ("TTEC Regulations"): Applicable to most other trustees who are not LTCs and PTCs, including non-professional trustees ("Residual Trustees").
4. The note in the [Annex](#) summarises trustees' AML/CFT obligations under Part 7 of the Trustees Act and the TTEC Regulations, in relation to Residual Trustees.

B. Call for Action concerning the Trustees' Obligations

5. Your organisation may, in the course of forming a business relationship³ or entering into a transaction with a client, come into contact with Residual Trustees who are not LTCs or PTCs,⁴ to whom the obligations in the [Annex](#) apply. We encourage your organisation to:

¹ In Singapore, persons who carry on trust business have to obtain a trust business licence under the Trust Companies Act 2005, unless specifically exempted. Companies which obtain a trust business licence are known as Licensed Trust Companies ("LTCs").

² Private Trust Companies ("PTCs") are companies established to act as a trustee to a trust (or a number of trusts), where the settlor or settlors are connected by blood or legal adoption. The beneficiaries of the trusts must also be connected to the settlor by familial ties. PTCs cannot provide or solicit trust business to the public. Although PTCs are exempted from obtaining a trust business licence, they still have to comply with MAS Notice TCA-N03.

³ "Business Relationships" are defined broadly to include day-to-day transactions, and other types of transactions which may be formed in the course of the organisation's business.

⁴ As a rule of thumb, a client is likely not an LTC or a PTC, if they are a person and not a company.

- (a) Share the note in the Annex with Residual Trustees (i.e., non-LTC and non-PTC trustees) that your organisation may come into contact with; and
 - (b) Report suspected breach(es) of the obligations in Part 7 of the Trustees Act and the TTEC Regulations to <https://eservices.mlaw.gov.sg/enquiry>.⁵
6. On the other hand, please file a Suspicious Transaction Report⁶ if your organisation:
- (a) Knows or has reasonable grounds to suspect that any property represents proceeds of, or was or is intended to be used in connection with drug dealing or criminal conduct;⁷ or
 - (b) Has information on any transaction (or proposed transaction) in respect of property belonging to terrorists, or any information in respect of terrorism financing.⁸
7. Should you require any assistance, please do not hesitate to contact us.

Query	Contact
Matters related to SONAR ⁹ account, such as creation of new SONAR account or access to existing SONAR account	Email your queries to SPF_STRO_IT_Team@spf.gov.sg
Filing of a Suspicious Transaction Report	Email your queries to SPF_STRO_IT_Team@spf.gov.sg
All other matters	MinLaw hotline 1800 2255 529 from Monday to Friday, 8.30am to 5.00pm (Closed on Weekends & Public Holidays) Online enquiry form on the MinLaw website at https://www.go.gov.sg/contactminlaw

8. Thank you.

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⁵ If the suspected breach involves a LTC or PTC breaching its obligations in MAS Notice TCA-N03, please make a report at www.mas.gov.sg/consumerfeedback-form/ instead.

⁶ Please refer to the Singapore Police Force's website at: <https://www.police.gov.sg/Advisories/Crime/Commercial-Crimes/Suspicious-Transaction-Reporting-Office> for details on filing a Suspicious Transaction Report.

⁷ Section 45(1) of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992
⁸ Sections 8 and 10 of the Terrorism (Suppression of Financing) Act 2022.

⁹ Suspicious Transaction Reporting Office (STRO); STRO Online Notices and Reporting Platform (SONAR); Please refer to the Singapore Police Force's Website at: <https://www.police.gov.sg/sonar>.

ANNEX

Trustees' obligations under Part 7 of the Trustees Act 1967 ("Trustees Act") and the Trustees (Transparency and Effective Control) Regulations 2017 ("TTEC Regulations")

A. Background

1. Singapore is a member of the Financial Action Task Force ("FATF"), which establishes international standards for Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing ("AML/CFT"). In line with FATF's Recommendation 25 on Beneficial Ownership and Transparency of Legal Arrangements ("R.25")¹ and related guidance (among others), trustees are required to comply with various AML/CFT related obligations under the Trustees Act and the TTEC Regulations, as detailed in **Section B**.

B. Trustees' AML/CFT obligations under the Trustees Act and the TTEC Regulations

2. Part 7 of the Trustees Act and the TTEC Regulations apply to any express trust:²
 - (a) That is governed by the law of Singapore;
 - (b) That is administered in Singapore; or
 - (c) In respect of which any of the trustees is resident in Singapore,except for certain exceptions prescribed in the TTEC Regulations.
3. Under the Trustees Act and the TTEC Regulations, trustees are required to:
 - (a) Obtain and verify information of relevant trust parties (i.e. all settlors, trustees, protectors, beneficiaries, and persons who have any power over the disposition of the trust);³
 - (b) Obtain and verify information about the effective controllers of relevant trust parties;⁴
 - (c) Obtain information about persons appointed or engaged as a service supplier to the relevant trust (i.e. an agent of, or a service provider to, the relevant trust including any investment adviser or manager, accountant or tax adviser);⁵

¹Key features of Recommendation 25 are: countries are required to conduct risk assessment of legal arrangements (including express trusts); trustees are required to collect adequate, accurate and up-to-date beneficial ownership information regarding the trust and its relevant parties; information collected must be accessible in a timely manner by competent authorities.

² Section 84 of the Trustees Act.

³ Reg 4 of the TTEC Regulations; please refer to Reg 4 for the timeframe in which to obtain and verify the information.

⁴ Reg 5 of the TTEC Regulations; please refer to Reg 5 for the timeframe in which to obtain and verify the information.

⁵ Reg 6 of the TTEC Regulations; please refer to Reg 6 for the timeframe in which to obtain the information.

- (d) Update information in (a) – (c) in a timely manner and maintain records for at least 5 years after the trustee ceases to be a trustee of the relevant trust;⁶
 - (e) Inform certain “specified persons” that they are acting for a relevant trust before forming a business relationship, or entering a transaction of more than \$20,000 (whether the transaction is carried out in a single operation or in multiple linked operations) with that “specified person”. “Specified persons” include financial institutions, licensed estate agents, regulated precious stone and metal dealers, pawnbrokers, accountants and lawyers;⁷ and
 - (f) Keep accounting records.⁸
- 4. Failure to comply with any of the obligations listed above is an offence that is punishable on conviction with a fine not exceeding \$1,000.⁹
 - 5. Law enforcement agencies may also require a trustee to produce the information that a trustee is obliged to obtain at para 3(a) – (c) and (f) in a timely manner pursuant to their powers of investigation.
 - 6. Further details can be found in Part 7 of the Trustees Act and the TTEC Regulations (accessible at <https://sso.agc.gov.sg/Act/TA1967> and <https://sso.agc.gov.sg/Act/TA1967-S151-2017> respectively). You may also wish to refer to MinLaw’s website on Trusts and Trust Like Arrangements in Singapore (accessible at www.mlaw.gov.sg/trusts/express-trusts).
 - 7. Please note that laws and regulations are subject to change. It is advisable for trustees to stay abreast of any changes to their obligations.

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⁶ Reg 7 of the TTEC Regulations.

⁷ Reg 8 of the TTEC Regulations.

⁸ Reg 9 of the TTEC Regulations.

⁹ Reg 10 of the TTEC Regulations.