

GIBSON DUNN

Financial Regulatory Update

January 15, 2025

## New AML/CFT Notice for Singapore-based Organised Market Operators

This update provides an overview of the proposed anti-money laundering and countering-the-financing-of-terrorism requirements, including background on the related Monetary Authority of Singapore consultation and response to industry feedback. We also discuss the practical implications for Market Operators.

The Monetary Authority of Singapore (**MAS**) has confirmed it will introduce new anti-money laundering and countering-the-financing-of-terrorism (**AML/CFT**) requirements for organised market operators formed or incorporated in Singapore (**Market Operators**). This initiative is part of MAS' ongoing efforts to strengthen the integrity of Singapore's financial markets and ensure they remain sufficiently robust to counter the threats of money laundering (**ML**) and terrorism financing (**TF**).

### **MAS consultation and response to feedback**

On 28 March 2024, the MAS published a consultation paper setting out AML/CFT requirements to be published in the form of a notice (the **Notice**) that would apply to Market Operators, i.e. approved exchanges and recognised market operators formed or incorporated in Singapore. The primary objective of the requirements was to address the increasing trend of Market Operators allowing unregulated entities to participate directly on organised markets without any intermediation by a financial institution (**FI**). As these investors are not subject to AML/CFT checks by capital market intermediaries, Market Operators that take on such investors are exposed to higher inherent ML/TF risks. To mitigate these risks, MAS proposed to introduce the Notice to require Market Operators to perform AML/CFT checks on market participants that are

not FIs and that trade directly on their organised markets without facilitation by a capital market intermediary. The consultation period closed on 29 April 2024.

On 13 January 2025, MAS published a response to the consultation feedback which confirmed the introduction of the originally proposed requirements in all material respects, and also provided clarifications on the scope of the Notice. Amongst other points, the response clarified that under the Notice, Market Operators will need to apply AML/CFT checks on persons that perform a trade-related activity on the organised market or provide services to facilitate the completion of a trade-related activity, with a “trade-related activity” extending to any transfer of digital payment tokens (**DPTs**), digital capital markets product (**CMP**) tokens or fiat currency carried out by the Market Operator. Furthermore, holders of a capital markets services licence who also operate an organised market will need to additionally comply with the AML/CFT requirements under the Notice.

### **Requirements under the Notice**

The Notice sets out several key requirements that Market Operators must adhere to in order to mitigate ML/TF risks. A high-level summary is as follows:

1. **Scope of the Notice:** The Notice requires Market Operators to perform AML/CFT checks in relation to all non-FI direct participants. This is intended to mitigate the higher inherent ML/TF risks arising from such participants. Market Operators will not be required to perform AML/CFT checks for FI direct participants or participants intermediated by an FI, as these participants are subject to AML/CFT requirements imposed by their respective regulators or exchange members.
2. **Definitions:** The Notice defines several key terms, including “trade-related activity,” “business relations,” and “customer.” “Trade-related activity” refers to the making or acceptance of an offer or invitation to exchange, sell, or purchase derivatives contracts, securities, or units in collective investment schemes on an organised market operated by the AE or RMO, as well as any act on an organised market that results in fiat currency, digital CMP tokens or DPTs being transferred by any person across accounts. “Business relations” include the opening or maintenance of an account, allowing a trade-related activity to be performed, or providing services to facilitate the completion of a trade-related activity. “Customer” refers to a person with whom the Market Operator establishes or intends to establish business relations or for whom transactions are undertaken without an account being opened.
3. **Customer due diligence (CDD):** Before establishing business relations, Market Operators are required to perform CDD checks and assess the level of ML/TF risks posed by their prospective customers. This includes identifying and verifying the identity of customers, understanding the nature of their business and identifying beneficial owners. Enhanced CDD measures must be performed for higher-risk customers, such as politically exposed persons and customers from high-risk jurisdictions.
4. **Ongoing monitoring:** Market operators must monitor their business relations with customers on an ongoing basis. This includes observing the conduct of customers’ accounts, scrutinising trade-related activities and ensuring that these activities are consistent with the Market Operator’s knowledge of the customer, its business and risk profile. Enhanced monitoring measures must be implemented for higher-risk customers and transactions.

5. **Record-keeping:** Market Operators must maintain records of all data, documents and information obtained during the CDD process. These records must be kept for at least five years following the termination of business relations or the completion of transactions. The records must be sufficient to permit the reconstruction of individual transactions and provide evidence for prosecution if necessary.
6. **Suspicious transaction reporting:** Market Operators must establish internal policies, procedures and controls for reporting suspicious transactions to the Suspicious Transaction Reporting Office and MAS. This includes establishing a single reference point within the organisation to whom all employees, officers and representatives must promptly refer all transactions suspected of being connected with ML/TF.
7. **Internal policies, compliance, audit and training:** Market Operators must develop and implement internal policies, procedures, and controls to prevent ML/TF. This includes appointing an AML/CFT compliance officer, maintaining an independent audit function and ensuring that employees and officers are regularly trained on AML/CFT laws, regulations and internal policies.

## Timing

MAS will issue the finalised Notice in due course but has not confirmed the specific date on which the Notice will take effect. Following the effective date there will be a six-month implementation timeframe within which Market Operators will need to develop and implement the required policies, procedures and controls, as well as onboard existing and new non-FI direct participants in accordance with the CDD requirements in the Notice.

## Conclusion

The proposed Notice represents a significant step forward in MAS' efforts to strengthen the integrity of Singapore's financial markets and ensure the industry maintains safeguards against ML/TF threats. Market Operators will need to ensure they allocate appropriate adequate personnel, training and operational resources to the development of corresponding AML/CFT policies, procedures and controls. While many Market Operators already maintain AML/CFT processes as a matter of good practice and regulatory risk management, they should nonetheless consider to what extent additional measures should be proactively implemented to ensure full compliance with the Notice and mitigate the risks associated with their business models and customer base.

The following Gibson Dunn lawyers prepared this update: [Hagen Rooke](#) and [QX Toh](#).

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding these developments. If you wish to discuss any of the matters set out above, please contact any member of Gibson Dunn's Financial Regulatory team, including the following:

Hagen H. Rooke – Singapore (+65 6507 3620, [hhrooke@gibsondunn.com](mailto:hhrooke@gibsondunn.com))

William R. Hallatt – Hong Kong (+852 2214 3836, [whallatt@gibsondunn.com](mailto:whallatt@gibsondunn.com))

Jeffrey L. Steiner – Washington, D.C. (202.887.3632, [jsteiner@gibsondunn.com](mailto:jsteiner@gibsondunn.com))

Michelle M. Kirschner – London (+44 20 7071 4212, [mkirschner@gibsondunn.com](mailto:mkirschner@gibsondunn.com))

Emily Rumble – Hong Kong (+852 2214 3839, [erumble@gibsondunn.com](mailto:erumble@gibsondunn.com))

Becky Chung – Hong Kong (+852 2214 3837, [bchung@gibsondunn.com](mailto:bchung@gibsondunn.com))

QX Toh – Singapore (+65 6507 3610, [qtoh@gibsondunn.com](mailto:qtoh@gibsondunn.com))

Arnold Pun – Hong Kong (+852 2214 3838, [apun@gibsondunn.com](mailto:apun@gibsondunn.com))

Jane Lu – Hong Kong (+852 2214 3735, [jlu@gibsondunn.com](mailto:jlu@gibsondunn.com))

Attorney Advertising: These materials were prepared for general informational purposes only based on information available at the time of publication and are not intended as, do not constitute, and should not be relied upon as, legal advice or a legal opinion on any specific facts or circumstances. Gibson Dunn (and its affiliates, attorneys, and employees) shall not have any liability in connection with any use of these materials. The sharing of these materials does not establish an attorney-client relationship with the recipient and should not be relied upon as an alternative for advice from qualified counsel. Please note that facts and circumstances may vary, and prior results do not guarantee a similar outcome.

If you would prefer NOT to receive future emailings such as this from the firm,  
please reply to this email with "Unsubscribe" in the subject line.

If you would prefer to be removed from ALL of our email lists,  
please reply to this email with "Unsubscribe All" in the subject line. Thank you.

© 2025 Gibson, Dunn & Crutcher LLP. All rights reserved. For contact and other information, please visit our [website](#).