

KnowledgeShare Alert

Dear Clients & Friends

New Measures on Anti-Money Laundering and Countering of Terrorism Financing apply to Moneylenders with effect from 12 November 2007

With effect from 12 November 2007, every moneylender who grants secured or unsecured loans to the general public must comply with new anti-money laundering and countering of terrorism financing measures included in new subsidiary legislation issued under the Moneylenders Act on 5 November 2007.

The subsidiary legislation referred to are the Moneylenders (Prevention of Money Laundering and Financing of Terrorism) Rules 2007 and the Moneylenders (Composition of Offences) (Amendment) Rules 2007.

The primary developments are as follows:

- **Due Diligence:** A moneylender will be required to exercise due diligence when dealing with any borrower, or any agent or beneficial owner of a borrower. Among other requirements, a moneylender will be required to perform customer due diligence measures in respect of a borrower when the moneylender:
 - (a) intends to grant, or is considering the grant of, a relevant loan to the borrower;
 - (b) suspects that the borrower is engaged in money laundering or the financing of terrorism;
or
 - (c) has doubts about the veracity or adequacy of any information previously obtained from the borrower.
- **Internal Policies:** A moneylender is also expected to develop and implement internal policies, procedures and controls to detect and prevent money laundering and the financing of terrorism, and communicate these to his employees and officers.
- **Employees:** A moneylender must also implement screening procedures for the hiring of fit and proper persons as employees and ensure that his employees are trained in relation to:
 - (a) the laws for the prevention of money laundering and the financing of terrorism;
 - (b) prevailing methods for, and trends in, money laundering and terrorism financing; and
 - (c) the moneylender's internal policies, procedures and controls for the prevention of money laundering and the financing of terrorism, including the roles and responsibilities of the moneylender's employees and officers.
- **Penalty:** Any person who is guilty of an offence under the new subsidiary legislation shall be liable on conviction to, in the case of an individual, a fine not exceeding S\$12,500 or to imprisonment for a term not exceeding 12 months or to both. Where the moneylender in

question is not an individual, the penalty on conviction shall be a fine not exceeding S\$12,500.

- **Compounding of Offences:** In addition to the above, as of 12 November 2007, any offence under the new subsidiary legislation may be compounded by the Registrar of Moneylenders.

Should you have any queries as to how this may affect you and your business, please do not hesitate to get in touch with your usual contact at Allen & Gledhill LLP or any of the following:

Francis Mok
Tel: +65 6890 7786
E-mail: francis.mok@allenandgledhill.com

Karen Tiah
Tel: +65 6890 7741
E-mail: karen.tiah@allenandgledhill.com

Andy Yeo
Tel: +65 6890 7833
E-mail: andy.yeo@allenandgledhill.com

Yours faithfully
Allen & Gledhill LLP
Singapore

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

Tel: +65 6890 7188
Fax: +65 6327 3800
E-mail: publications@allenandgledhill.com
Website: www.allenandgledhill.com

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