

Singapore: Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Laws and Regulations

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Overview of the Document

This document provides an overview of Singapore's legal and regulatory framework on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT). It outlines the role of the Monetary Authority of Singapore (MAS) - the central regulatory body responsible for issuing guidelines and supervising compliance by financial and designated non-financial institutions.

The document also summarizes the key offences and penalties under the CDSA and TSOFA, including money laundering, terrorist financing, and transactions involving illicit property. Finally, it explains the Suspicious Transaction Reporting (STR) obligations in Singapore, highlighting the mandatory reporting duties of institutions and individuals, as well as the prohibition on tipping-off subjects under investigation.

Legal and Regulatory Structure for AML/CFT in Singapore

Regulator. The Monetary Authority of Singapore (MAS) is the central regulatory body responsible for overseeing financial institutions and ensuring compliance with AML laws. MAS issues detailed guidelines, notices, and regulations that financial and designated non-financial institutions must adhere to rigorously. It plays a crucial role in maintaining Singapore's reputation as a leading global financial hub.

Relevant Legislation. Singapore's anti-money laundering (AML) efforts are primarily governed by the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (CDSA) and the Terrorism (Suppression of Financing) Act (TSOFA), reinforced by the recent Anti-Money Laundering and Other Matters Act 2024.

These laws, along with AML/CFT Notices, Guidelines and other guidance issued by MAS, establish a comprehensive AML/CFT (countering the financing of terrorism) framework, mandating financial institutions to conduct risk assessments, customer due diligence (including KYC), transaction monitoring, and suspicious transaction reporting to combat illicit financial flows. The framework is overseen by MAS and aligns with Financial Action Task Force (FATF) standards to maintain Singapore's reputation as a trusted financial hub.

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Legislation	Offences	Penalty
CDSA	Assisting another to retain benefits of drug dealing (s. 50) or from criminal conduct (s. 51)	Individual Offender. A fine not exceeding SGD500,000 or imprisonment for a term not exceeding 10 years, or both. Non-individual offender: a fine not exceeding SGD1 million or twice the value of the criminal benefits, whichever is higher.
	Acquiring, possessing, using, concealing or transferring benefits of drug dealing or from criminal conduct [ss. 53(1) and 54(1)]	
	Assisting another in acquiring, possessing, using, concealing or transferring benefits of drug dealing or from criminal conduct [ss. 53(2) and 54(2)]	
	Acquiring, possessing, using, concealing or transferring benefits of another's drug dealing or criminal conduct, whether knowingly or having reasonable grounds to suspect the same. [ss. 53(3) and 54(3)]	
	Where one enters into an arrangement or transaction, rashly or negligently, in wilful ignorance of suspicious indicators of drug dealing and/or other criminal activity [ss. 50(1A), 51(1A), 52(1A), 53(3A) and 54(3A)]	Individual Offender. A fine not exceeding SGD250,000 or imprisonment for a term not exceeding 5 years or both. Non-individual offender: a fine not exceeding SGD1 million or twice the value of the criminal benefits, whichever is higher.
	Possessing or using property reasonably suspected to be benefits from drug dealing or criminal conduct (s. 55)	Individual offender: a fine not exceeding SGD150,000 or to imprisonment for a term not exceeding 3 years, or both. Non-individual offender: a fine not exceeding SGD300,000.
TSOFA	Assisting another to retain benefits from drug dealing or criminal conduct in certain circumstances (s. 55A)	Individual offender: a fine not exceeding SGD50,000 or to imprisonment for a term not exceeding 3 years, or both. Non-individual offender: a fine not exceeding SGD1 million or twice the value of the criminal benefits, whichever is higher.
	Providing or collecting property for terrorist acts whether intentionally or having reasonable grounds to believe the property will be used for such acts (s. 3)	Individual offender: a fine not exceeding SGD500,000 or to imprisonment for a term not exceeding 10 years, or both. Non-individual offender: a fine not exceeding SGD1 million or twice the value of property (including funds derived or generated from the property), financial services, related services or financial transaction in respect of which the offence was committed.

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TSOFA	Provision of property and services for terrorist purposes, whether intentionally or having reasonable grounds to believe that the property will be used for such acts or in a manner that will benefit any terrorist or terrorist activity (s. 4)	Individual offender: a fine not exceeding SGD500,000 or to imprisonment for a term not exceeding 10 years, or both.
	Use or possession of property for terrorist purposes, including where one has reasonable grounds to believe it will be utilised for the purpose of facilitating or carrying out such an act (s. 5)	Non-individual offender: a fine not exceeding SGD1 million or twice the value of property (including funds derived or generated from the property), financial services, related services or financial transaction in respect of which the offence was committed.
	Dealing with property of terrorists (s. 6)	

Suspicious Transaction Reporting (STR) in Singapore

Section 45 of CDSA requires a person who, in the course of their trade, profession, business or employment, has reasonable grounds to suspect that any property was used, or is intended to be used, in connection with any drug dealing or criminal conduct, such person must report the same to the Suspicious Transaction Reporting Officer as soon as practicable. Sections 8 of TSOFA more generally mandates every person in Singapore and every citizen of Singapore (regardless of location) who knows or suspects that a transaction or activity pertains to terrorism or involves proceeds of crime must report such transaction to the Singaporean police or authorities immediately. Section 10 of TSOFA obliges every person in Singapore who has information they know or believe to be of material assistance in preventing terrorism financing or the apprehension, prosecution or conviction of another person in relation to a terrorism financing offence.

STRs are made to Singapore's Financial Intelligence Unit within the Singapore Police Force via the STRO Online Notices and Reporting Platform (SONAR). The police may require such person to provide further information or particulars, and the latter must comply with the requirement. Contravention of this section is an offence, punishable by large fines, or in the case of an individual offender – may include a term of imprisonment.

Save for some exceptions in the cases of attorney-client privilege, do note that it is an offence to tip-off an offender of an investigation or potential investigation.

For any further questions you may have, please reach out to us at singapore@alitium.com

This article is intended to provide an overview of the laws and regulations pertaining to the subject matter.. While it aims to present useful insights, it is important to note that the content shared here should not be considered as formal legal or financial advice. For specific guidance on tax obligations or legal matters related to your business, we strongly recommend consulting with a qualified professionals. Please feel free to reach out to us for further assistance at any time.

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