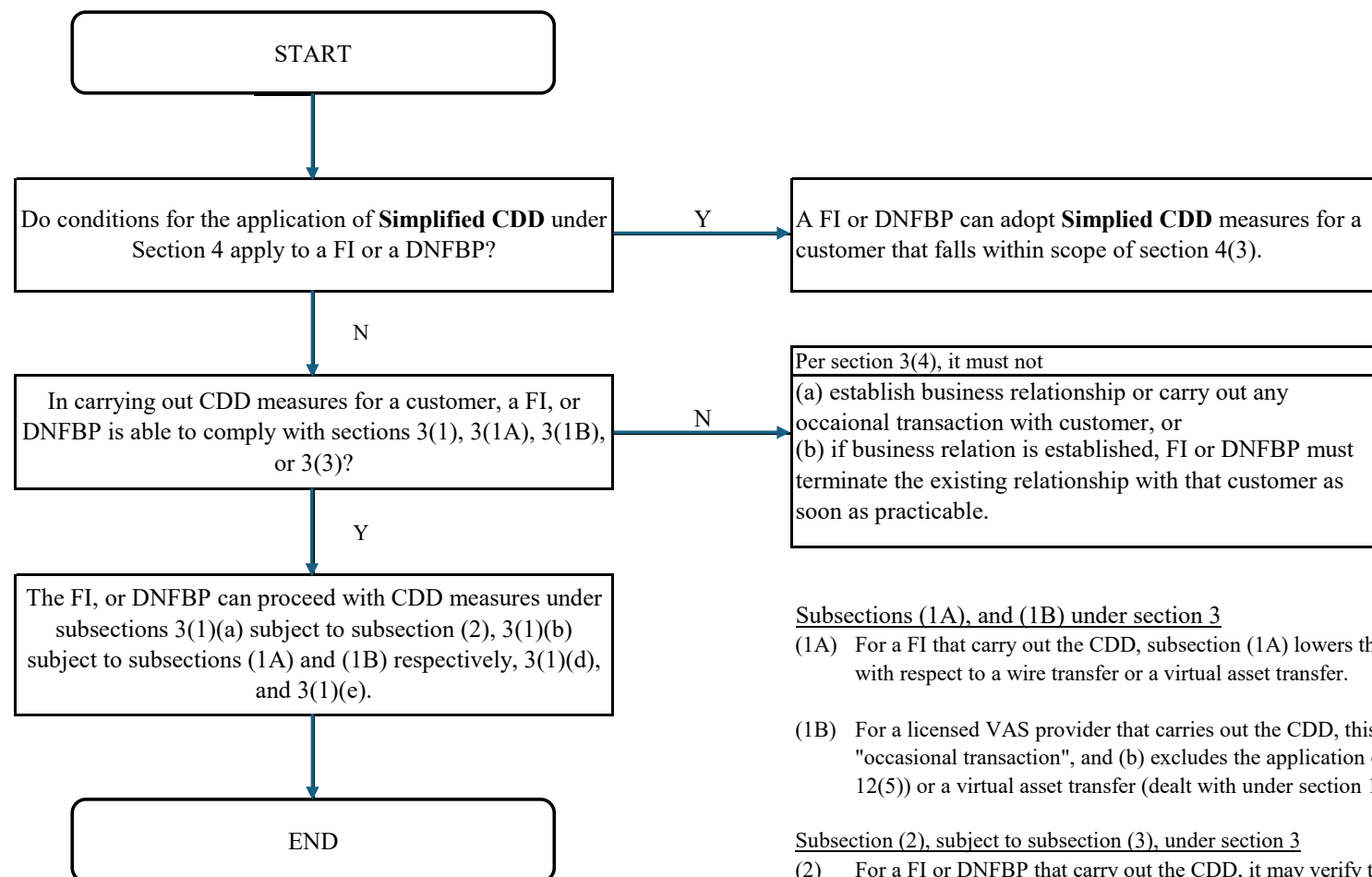


### 3. When customer due diligence measures must be carried out, or simplified customer due diligence (under section 4)



#### Subsections (1A), and (1B) under section 3

- (1A) For a FI that carry out the CDD, subsection (1A) lowers the threshold for the amount of "occasional transaction" with respect to a wire transfer or a virtual asset transfer.
- (1B) For a licensed VAS provider that carries out the CDD, this subsection (a) lowers the threshold for the amount of "occasional transaction", and (b) excludes the application of (a) to a wire transfer (dealt with under section 12(5)) or a virtual asset transfer (dealt with under section 13A(4)).

#### Subsection (2), subject to subsection (3), under section 3

- (2) For a FI or DNFBP that carry out the CDD, it may verify the ID of a customer and any BO of the customer **after** establishing a business relationship with the customer if -
- (a) this is necessary not to interrupt the normal conduct of business with regard to the customer; and
  - (b) any risk of money laundering or terrorist financing that may be caused by carrying out the verification after establishing the business relationship is effectively managed.

3. When customer due diligence measures must be carried out

(1) Subject to section 4 of this Schedule, a financial institution or a DNFBP must carry out customer due diligence measures in relation to a customer in the following circumstances—

(a) subject to subsection (2), **before** establishing a business relationship with the customer;

Exception

See the exception below at subsection (2) and flowchart the follows.

Note: Both section 3(1A) and section 3(1B) provide for the exception to threshold amount of \$120,000, where the obligated entities are different.

(b) before carrying out for the customer an occasional transaction involving an amount equal to or above \$120,000 or an equivalent amount in any other currency, whether the transaction is carried out in a single operation or in several operations that appear to the financial institution or the DNFBP to be linked; [See exception (1A), (1B) at the right]

(1A) Subject to section 4 of this Schedule and despite subsection (1)(b), a **financial institution** must carry out CDD measures in relation to a customer **before** carrying out for the customer an occasional transaction that is—

(a) a wire transfer involving an amount equal to or above \$8,000 or an equivalent amount in any other currency; or

(b) a virtual asset transfer involving virtual assets that amount to no less than \$8,000, \*

whether the transaction is carried out in a single operation or in several operations that appear to the financial institution to be linked.

(1B) Subject to section 4 of this Schedule and despite subsection (1)(b), a **licensed VAS provider** must carry out CDD measures in relation to a customer **before** carrying out for the customer an occasional transaction that—

(a) involves an amount equal to or above \$8,000 or an equivalent amount in any other currency; and

(b) is not a wire transfer # or a virtual asset transfer #,

whether the transaction is carried out in a single operation or in several operations that appear to the licensed VAS provider to be linked.

[\*] the amount less than \$8,000 in a virtual asset transfer is dealt with under S13A(4)(b).

[#] the terms "wire transfer" and "virtual asset transfer" is defined under S12, and S13A respectively.

(c) (Repealed 15 of 2022 s. 33)

(d) when the financial institution or the DNFBP suspects that the customer or the customer's account is involved in money laundering or terrorist financing;

(e) when the financial institution or the DNFBP doubts the veracity or adequacy of any information previously obtained for the purpose of identifying the customer or for the purpose of verifying the customer's identity.

[S3(2) that is subject to S3(3)] provides for an exception to the before-event rule.

(2) Despite subsection (1)(a), a financial institution or a DNFBP may verify the identity of a customer and any beneficial owner of the customer **after** establishing a business relationship with the customer if—

(a) this is necessary not to interrupt the normal conduct of business with regard to the customer; and

(b) any risk of money laundering or terrorist financing that may be caused by carrying out the verification after establishing the business relationship is effectively managed.

(3) A financial institution or a DNFBP that carries out verification after establishing a business relationship with a customer under subsection (2) must complete the verification as soon as reasonably practicable after establishing the business relationship.

(4) If a financial institution or a DNFBP is unable to comply with subsection (1), (1A), (1B) or (3), the financial institution or the DNFBP—

(a) must not establish a business relationship or carry out any occasional transaction with that customer; or

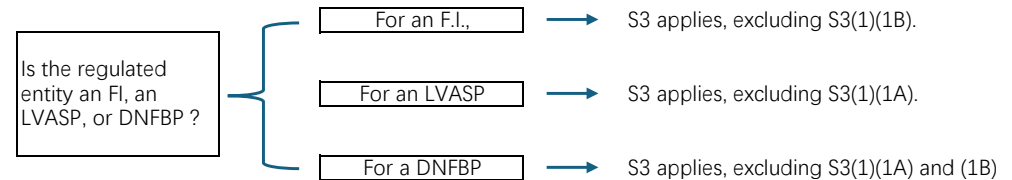
(b) if the financial institution or the DNFBP has already established a business relationship with that customer, must terminate the business relationship as soon as reasonably practicable.

## Section 3(1) to Section 3(4) of Part 2, Schedule 2, Cap 615

### Is the regulated entity an FI, an LVASP, or DNFBP?

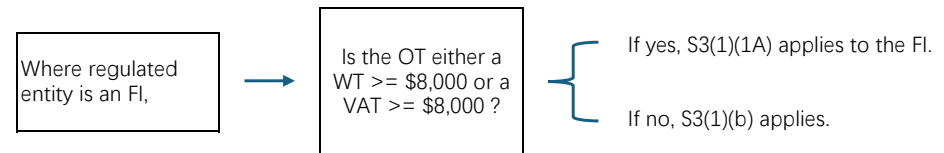
If it is a DNFBP, then S3 applies, to the exclusion of S3(1)(1A) and (1B).  
If it is an FI, then S3 applies, excluding S3(1)(1B).  
If it is an LVASP, then S3 applies, excluding S3(1)(1A).

\* S3 applies subject to S4 in all cases.

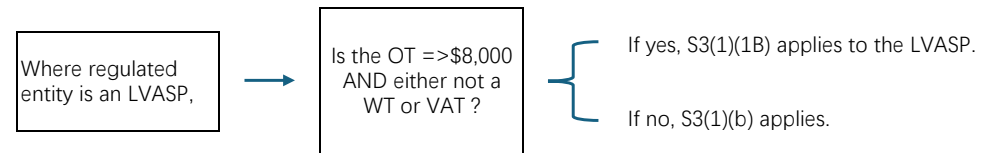


### Special application of S3(1)(1A) and (1B) to an OT, despite SubS(1)(b) #

S3(1)(1A) Where regulated entity is an FI,  
Is the OT either a WT >= \$8,000 or a VAT >= \$8,000?  
If yes, S3(1)(1A) applies to the FI. If no, S3(1)(b) applies.



S3(1)(1B) Where the regulated entity is an LVASP,  
Is the OT >=\$8,000 AND either not a WT or VAT?  
If yes, S3(1)(1B) applies to the LVASP. If no, S3(1)(b) applies.



# SubS(1)(1A) and (1B) respectively introduces an exception to the provision dealing with occasional transactions (OT).  
They lowers the threshold amount from \$120,000 to \$8,000 for certain specified transactions such as wire transfer (WT) and virtual asset transfer (VAT).

### Exception to application of ID verification under SubS(1)(a)

S3(2) An FI or a DNFBP may verify ID **after** establishing business relation with the customer (BRWC) if  
a) it is necessary not to interrupt normal conduct of business by the customer, and  
b) risk of ML or TF arising from verifying ID after establishing BRWC is managed effectively,

S3(3) S3(2) verification must be completed asarp after establishing BRWC.