

MEMO# 31914

August 21, 2019

Monetary Authority of Singapore (MAS) Issues Consultation on the Requirements on Controls against Market Abuse

[31914]

August 21, 2019 TO: ICI Global Members

ICI Global Pacific Chapter

ICI Global Regulated Funds Committee SUBJECTS: Anti-Money Laundering

International/Global

Operations

Trading and Markets RE: Monetary Authority of Singapore (MAS) Issues Consultation on the Requirements on Controls against Market Abuse

On 5 August 2019, the Monetary Authority of Singapore (MAS) issued a consultation paper, *Requirements on Controls against Market Abuse*.[\[1\]](#) The consultation sets out new requirements to be imposed on financial institutions (FIs) in Singapore (including asset managers) that undertake the regulated activity of dealing in capital markets products. The proposals aim to improve controls and facilitate investigations into cases of market abuse, such as market manipulation and insider trading.

The MAS has identified four areas where requirements will be enhanced:

1. Client Identification Rule

FIs must establish arrangements with their clients to facilitate the provision of information on the ultimate beneficial owners (UBOs) of orders and trades executed in omnibus accounts to the MAS or any other law enforcement agency, within five business days upon request.

2. Record Keeping of Instructions Received for Broker-Assisted Order and Trades (O&Ts)

FIs must record all communications between their trading representatives and the person instructing the O&T for any capital market products, even if such communication does not result in an actual transaction. All records are to be kept for

five years.

3. Unique Client Device Identifier for O&Ts Executed via Mobile Trading Applications

FIs are required to capture and record the Device ID for O&T executed via mobile trading applications. As the Device IDs vary on different operating systems, the MAS will not prescribe the specific Device ID to be recorded but will allow the FIs to customize their own systems.

4. Register of Cash Payments and Payment by Third Parties (*i.e.*, Non-Account Holders) for the Funding of Customers' Accounts

The AML Notice will be augmented by requiring FIs to maintain a centralized, electronic register of all payments received in cash or from third parties by the FIs into their customers' accounts. The register must be produced to the MAS or other law enforcement agencies upon request.

The above proposed requirements, which will be set out in a new *Notice on Controls against Market Abuse*, apply to licensed and exempt FIs^[2] in Singapore that undertake the regulated activity of dealing in capital markets products. The proposed Notice will take effect six months from the date of issuance.

The MAS will accept written comments on the consultation paper until 5 September 2019. The requirements proposed are very much in line with international standards and practices. ICI Global is not inclined to comment on the consultation. If you have particular concerns, please contact Alexa Lam, ICI Global CEO Asia Pacific, at Alexa.Lam@ici.org or Jennifer Choi, ICI Global Chief Counsel at jennifer.choi@ici.org.

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endnotes

[1] The consultation paper, *Requirements on Controls against Market Abuse*, released on 5 August 2019, is available at: <https://www.mas.gov.sg/-/media/MAS/News-and-Publications/Consultation-Papers/05082019-Control-Against-Market-Abuse/Consultation-Paper-on-Requirements-on-Controls-Against-Market-Abuse.pdf>

[2] Exempt FIs include banks, merchant banks, and finance companies who are exempt from holding a capital markets services license under section 99(1)(a), (b) and (c) of the Securities and Futures Act.

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