AML / CFT INDUSTRY PARTNERSHIP

BEST PRACTICES ON SOURCE OF WEALTH DUE DILIGENCE

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1. Preamble

The Monetary Authority of Singapore's ("MAS") Notices for the Prevention of Money Laundering and Countering the Financing of Terrorism set out the requirements for Financial Institutions ("FIs") to establish and implement appropriate controls in relation to anti-money laundering and the countering of financing of terrorism ("AML/CFT"). As part of Enhanced Customer Due Diligence ("ECDD") requirements, FIs need to establish, by appropriate and reasonable means, the Source of Wealth ("SoW") of customers who are PEPs and/or assessed to pose higher money laundering / terrorism financing ("ML/TF") risk.

In 2024, MAS published additional guidance on how FIs may establish the SoW of their customers in a risk-proportionate and reasonable manner, i.e. the MAS Circular AMLD 08/2024 on Establishing the Sources of Wealth of Customers and MAS' October 2024 Information Paper on AML/CFT Supervisory Expectations from Recent Inspections. Specifically, FIs should apply rigour in assessing the plausibility of SoW, commensurate with the level of ML/TF risks identified.

A customer's SoW generally refers to the origin of the customer's and the beneficial owner's entire body of wealth (i.e., total assets). This relates to how customers and beneficial owners have generated or acquired their wealth, which is distinct from merely identifying the assets they own.

Establishing the SoW of customers would help FIs form a clearer understanding of their customers and the legitimacy of the customers' assets and inform the FIs' ongoing monitoring of their customers' transactions. Therefore, it is important for FIs to ensure the robust performance of SoW due diligence measures to safeguard the financial eco-system from being exploited for money laundering purposes. The establishment of SoW is typically perceived to be more pertinent to private banking and wealth management customers, but the risk of placement and layering of funds arising from financial crimes extends beyond this segment. It is evident that 'bad actors' will exploit the weakest 'point of entry' in the banking system, which requires all FIs to consider SoW risks and controls in different banking segments adequately.

A risk-based approach that focuses on the underlying risk brought about by a customer should therefore be considered by FIs in applying SoW due diligence controls across different banking segments. In effect, a "same risk, same control" approach should be adopted – which means that customers who present a higher degree of SoW risks should be subject to a similar level of heightened SoW due diligence requirements, regardless of the banking segment they fall under. It is worth noting that a customer's overall ML/TF risk rating should take into consideration the risk posed for SoW purposes, and FIs can take slightly different risk mitigation approaches to assess and deal with the specific SoW risk of the customer.

Given the differing risk profiles of the typical retail, private banking, and corporate customers, the approach to SoW due diligence may be calibrated to reflect the degree of SoW risks posed by these customer segments (and the accompanying operational considerations).

Against this backdrop, this paper brings together industry knowledge and recommended practices to provide additional clarity and alignment on the principles and the practices of SoW due diligence that FIs (including non-banks) can consider, including the calibrations that can be considered for customers in the different banking segments, i.e. private banking, retail and corporate banking.

2. Guiding Principles

Singapore is an attractive financial centre, with investors seeking banking solutions and the access that Singapore provides to global and regional financial markets. FIs serving customers across the banking segments play a critical role as one of the gatekeepers in ensuring that SoW controls remain adequate to protect against the risks of illicit funds flowing into Singapore under the "same risk, same control" approach.

It is important to note that this paper is intended to share best practices for FIs to consider in assessing the legitimacy of their customers' SoW; it is not intended to set out additional requirements on SoW due diligence. This paper is anchored around the need for FIs in Singapore to deliver a set of key risk management outcomes:

- **Sharper risk identification and mitigation**, including recognition that a customer's overarching ML/TF risk rating should take into account the risk posed for SoW purposes.
- **Focusing on areas with pertinent SoW risks**, to ensure a high standard and rigour of SoW due diligence in these areas.
- **Pursuing a risk-based approach** by conducting thorough SoW due diligence on a tiered basis to address SoW risks.

As a general principle, the level of corroborative evidence that needs to be obtained will be case-specific and dependent on various factors. For the purposes of the paper, the application of SoW understanding and corroboration applies to the natural person(s) who has contributed financially to the assets in the banking relationship. Accordingly, SoW due diligence may not apply under certain legal arrangements or legal persons, such as charities, societies or clubs, where there is no beneficial owner contributing financially to the organization and the natural persons identified only with ultimate control or executive authority (e.g., trustees, protectors over a trust) are not deemed to have contributed the assets to the legal arrangement or person.

Banks should exercise professional judgement in assessing the level of information and documentation collected and considering its reliability and independence.

In designing an effective and appropriate SoW corroboration framework to establish the SoW of customers in a risk proportionate and reasonable manner, FIs should consider the risk principles as outlined in the MAS Circular AMLD 08/2024 on Establishing the Sources of Wealth of Customers) as a 'waterfall' or cascading logic:

- **Materiality**: FIs should first understand the customer's entire body of wealth and establish which element(s) contribute materially to the wealth or are assessed to pose higher risks ("Material SoW") and focus on corroborating these elements. Materiality to wealth can be considered both in respect of the relative *proportion* of the customer's wealth, but also in relation to the '*causative*' materiality (e.g. the initial capital, without which the subsequent wealth growth/generation would not have been possible). There may be situations where it may not be possible or practicable to corroborate some components of the SoW (e.g., SoW from many years ago, for which documents may no longer be available). In such cases, FIs should apply at least a basic assessment of plausibility to that component before proceeding with the corroboration of subsequent activities. However, in situations where the SoW contributor is proportionately immaterial towards the customer's body of wealth but causatively material, FIs should consider and pay due attention to such a SoW contributor.

  As a principle, FIs should focus on corroborating SoW that are more material or of higher risk, assess whether the residual risk of the uncorroborated wealth is acceptable to the FI, and whether additional risk-mitigating measures are required in the absence of corroboration.

- **Relevance**: In respect of corroborating those sources identified as Material SoW, FIs should seek to obtain pertinent, fit-for-purpose corroborative evidence to the extent that it is practicable. In doing so, FIs should exercise reasonable judgement in determining which documents are most instructive for corroborating the customer's generation of wealth, considering factors such as recency, independence and reliability, and prioritise the use of independent and reliable documentation and information sources to support their assessment of a customer's SoW, and to provide triangulation against customer representations and documents provided by the customer.
- **Prudence**: For Material SoW, FIs should use reliable corroborative information. This can include the use of audited accounts or documents issued by independent third parties (e.g., tax accountants). In the absence of such corroborative evidence, FIs can consider the use of benchmarks such as industry reports, or other sources of information that provide analogous or comparative data, which can be used for an assessment of plausibility, but should require staff to apply prudence in any measures requiring extrapolation or assumption.
  - Where corroborative documents are obtained, FIs should apply prudence in relation to their review of the documents – noting that merely obtaining documents is not the end of a SoW process; documents should be assessed for plausibility and for the identification of red flags.
  - Where benchmarks are used to (i) assess the plausibility of information received from customers, or (ii) estimate a segment of a customer's wealth in the absence of or to supplement corroborative evidence, FIs should ensure that the selected benchmarks are reasonable, relevant, and appropriate for the customer's specific risk profile and circumstances, and that the basis for these benchmarks are documented and reviewed periodically. FIs should more importantly note that the benchmarks and assumptions should facilitate the FI's assessment of the plausibility of the customer's SoW, after the client's connection to the respective company, industry, or employer has been established and supported. Benchmarks alone should not be mistaken for corroboration, nor can they be used to justify or support circumstances or customer representations if there are reasons that cast suspicion on the SoW.

FIs should exercise sensible judgement in relying on the customer's representations and endeavour to take further steps where needed to be satisfied on the veracity of the representations, especially when there are apparent inconsistencies.

In addition, FIs may take into consideration the nature of their business relations with the customer when establishing his/her SOW – including where the customer is new to the FI or has had a long established relationship with the FI. In the latter case, the FI may have additional insights on the customer's SOW that it has established over time (for example, via the customer's historical account funding and account behaviour, and the FI's interactions with the client over an extended period). In general, FIs should exercise greater vigilance over relationships that are new to the FI versus long standing customers who have not exhibited ML/TF red flags.

3. Tiered Approach to SoW Risk Identification and Corroboration

When a customer has been assessed to be a higher risk customer based on an FI's ML/TF risk rating framework (including having regard to the country or jurisdiction which a customer or its beneficial owner is from, and where a customer is a legal person, its business activities, economic or business purposes for its structure, and its financial activity in its interactions with the bank, etc.), FIs shall perform ECDD measures, which include, but are not limited to, obtaining information to form an understanding, and corroborating the SoW of the customer and any beneficial owner of the customer as necessary, and thereafter seeking senior management approval to onboard or retain the customer.

For customers that are not engaged in private banking and/or wealth management, the risk factors which lead an FI to rate a customer as high risk may include factors other than those related to the customer's SoW, as the customer may not exhibit wealth risk or wealth risk may be assessed to be less pertinent. Therefore, FIs can consider adopting a risk-proportionate and tiered approach of SoW due diligence instead of applying a standard approach to establish customers' SoW across all customer segments.

The below describes the proposed tiered approach to be considered in determining which customers should be subject to additional SoW corroboration, and keeps in mind the principles of materiality, prudence and relevance.

Note: The proposed approach should consider in context, and not take precedence, over MAS' AML/CFT Notices, circulars, information papers and other publications and the current risk management controls already implemented by FIs to manage customers who present a higher risk exposure. For example, Politically Exposed Persons ("PEPs") and their Relative and Close Associates ("RCAs") are required under MAS' AML/CFT Notices to be subject to ECDD measures; said treatment should be continued in context of SoW risk identification and corroboration.

3.1. Private Banking & Wealth Management

The private banking and wealth management sectors[1] carry an inherently higher risk exposure to ML/TF risks due to the customer attributes, size of transactions, and the complexity typically associated in managing such wealth.

These sectors are characterised by the personalised delivery of a wide variety of financial services and products to wealthy individuals. Given the close relationship, sophistication, and complexity in managing such wealth, FIs that engage in private banking and wealth management businesses are inherently more vulnerable to ML/TF risks.

As part of the Know Your Customer ("KYC") process, FIs in the private banking and wealth management segment are expected to establish the SoW of all customers and their beneficial owners. This is performed by obtaining information on the customer and beneficial owner's background (i.e., how the client's wealth was derived), investment history (e.g., types of investments, location, value and number of assets held, value of shareholdings, etc.), business activities (e.g., nature, size, profitability, and history), and/or professional career (e.g., length of career position held, and the annual income), where relevant, and corroborating the information against documentary evidence and/or public information sources.

[1] The Wealth Management sector includes, but is not limited to, Banks, External Asset Managers ("EAM"), Licensed Trust Companies and Fund Management Companies (excluding EAMs).

3.2. Retail Banking

In contrast to private banking and wealth management, the retail banking segment typically poses inherently lower risk due to the relatively simpler nature of account operations and smaller transaction amounts.

Accordingly, FIs may calibrate the extent of their SoW due diligence measures for the retail banking business according to the risk posed by the customer, while maintaining controls to identify specific customer risk triggers on an ongoing basis. A two-tiered approach for SoW analysis for the retail banking business can be considered, allowing FIs to adopt a risk proportionate SoW due diligence standard to address the level of SoW risk, based on the customer's attributes and risks identified.

- **Tier 1 – Baseline SoW Due Diligence:** For customers who pose wealth risk, collection of a base set of SoW information to establish an adequate understanding of the customer's wealth journey and get an indication of the customer's entire body of wealth (i.e. total assets, total wealth) to the extent that it is practical to determine and assess whether the customer presents material / high wealth risk.
- **Tier 2 – Full SoW Due Diligence:** For customers who are assessed to present material/high wealth risk, collection of a base set of SoW information and take additional steps to corroborate the customer's SoW.

In applying either Tier 1 or Tier 2 for **Retail Banking customers**, the base set of information that is collected should enable FIs to:

- Form a holistic understanding of a customer's wealth journey, including the Material SoW driver(s) / contributor(s) and how the wealth was acquired (including how the customer acquired the seed money to generate subsequent wealth)
- Have an understanding about the customer's entire body of wealth (i.e. total assets) and composition of the assets that form the customer's entire body of wealth (e.g. asset types such as equity, property, art collections, digital tokens, etc.).
- Make a reasonableness / plausibility assessment of the customer's representations and wealth journey.

In determining the appropriate extent of SoW Due Diligence to subject customers to, i.e. between the Baseline SoW Due Diligence and the Full SoW Due Diligence, FIs serving clients in the retail banking sector should consider the underlying customer's attributes and the risks that they present in the decisioning process. In parallel, FIs should recognise that in some instances, SoW-related risks and/or red flags may only become more apparent during the business relationship that a customer has with the bank (e.g. through ongoing activity), rather than from static attributes collected during onboarding. This is especially important considering FIs serving clients in the retail banking sector may not obtain and/or corroborate SoW-related information on all customers in the first instance (for example, because the underlying degree of wealth risk presented at the time of onboarding may be low). As such, SoW-related information on these customers is only obtained subsequently through the customer lifecycle.

Building on the above, customers that trigger one (or more) of the below single-factor customer attributes should be subject to Full SoW Due Diligence (i.e. Tier 2).

Note: These customer attributes are intended to serve as best practices for consideration (except for the single-factor attribute of "Foreign PEPs / RCAs", as the MAS AML/CFT Notices require them to be subject to ECDD measures, including the establishment of their SoW which would entail Full SoW Due Diligence). FIs can introduce and/or customise the application of these attributes, such as by applying a higher weightage to any of the multi-factor attributes where it determines that the attribute(s) may pose a more pertinent SoW risk.

Table 1: Single-factor customer attributes for SoW consideration (Retail Banking)

Single-factor Customer Attributes	Consideration & Comments
Foreign PEPs / RCAs (as prescribed by MAS 626)	Foreign PEPs inherently present a higher ML/TF risk. As part of the ECDD process for Foreign PEPs, FIs should apply a Tier 2 Full SoW Due Diligence.
Material Adverse News (related to SoW and SOF)	FIs, as part of their Material Adverse News screening process, should consider whether credible news suggests that the customer's wealth or funds could have originated from or be linked to illicit activities, such as where the customer was alleged to be involved in or convicted of bribery and/or corruption, drug trafficking / dealing, money laundering, and/or fraud, including tax fraud/evasion. In such cases, FIs should apply Tier 2 Full SoW Due Diligence.

Consider the following example: Customer A is a school's deputy director, and was reported to have been arrested by the government for corruption. Customer A was accused of asking a parent for a bribe to help their child transfer schools in the middle of the school year. The payment of cash allegedly occurred in the deputy director' private office within school premises. Since this adverse news relates to the customer's SoW, FIs should consider adopting the ***Full SoW Due Diligence*** *requirements to understand and corroborate the customer's SoW.*

Customers that trigger a series of the below multi-factor customer attributes should also be considered for Full SoW Due Diligence (i.e. Tier 2). As above, these attributes are intended to serve as best practices for consideration.

Table 2: Multi-factor customer attributes for SoW consideration (Retail Banking)

Multi-factor Customer Attributes	Consideration & Comments
Assets under management ("AUM")	FIs should consider the appropriate time period to review in measuring AUM along with other factors such as AUM value in the design of this attribute (e.g. the rolling average of pre-defined AUM over a specified number of months). FIs should have the flexibility to determine the appropriate AUM threshold and period based on their respective business models, and/or risk appetite. These parameters should be reviewed periodically.
Transaction throughput	FIs should consider the appropriate time period to review in measuring transaction throughput, along with other factors such as value / volume (e.g. the rolling average of pre-defined high transaction value / volume over a specified number of months). FIs should have the flexibility to determine the appropriate transaction throughput threshold (value / volume), and period based on their respective business models, and/or risk appetite. These parameters should be reviewed periodically.
Customer's net worth	FIs should consider a customer's net worth in assessing the potential SoW risk. By comparing and contrasting a customer's known net worth with other collected attributes (e.g. AUM, transaction throughput, and demographics), FIs can comprehensively evaluate the reasonableness of the customer's financial profile. FIs should have the flexibility to determine the appropriate net worth thresholds based on their respective business models and/or risk appetites. These parameters should be reviewed periodically.
Customers holding multiple	Customers that hold multiple citizenships / nationalities (beyond their original place of birth, ancestry or marriage) may be of higher wealth risk (although there

citizenships/nationalities from "Golden Passport" jurisdictions, for example investment schemes identified by the OECD[2]	are many legitimate reasons why customers opt to do so). Accordingly, FIs should institute processes to obtain information from their customers on all citizenships/ nationalities held. FIs can consider doing more to proactively understand the rationale of a customer presenting ID documents from a Golden Passport country, which can help mitigate risks around unknown prior names and nationalities and ensure that FIs have obtained and maintained relevant and meaningful customer information.
Characteristics / Country Nexus	The underlying country exposure / characteristics of a customer's profile may also suggest where there may be pertinent SoW risk. FIs are encouraged to consider customer characteristics, such as the nexus the customer has with Singapore (e.g. foreigner residing in Singapore, with/without work permit vs. Permanent Resident, and in relation to a foreign incorporated company – whether the entity is carrying out business in Singapore, whether the entity is registered in Singapore), occupation (e.g. employed vs. business owner), age (e.g. young age with significant wealth) as well as their tenure of relationship with the bank (e.g. newly onboarded customer vs. multi-year relationship).
Customers with transactional activity and/or nexus across multiple jurisdictions or high-risk jurisdictions (e.g., tax havens)	Transactional activity may also provide indication into risk signals that enable the FI to identify a hidden nexus and/or network. Customers undertaking transactions across multiple jurisdictions that could be potentially done to obscure the origin and economic activity behind the assets presented to FIs. Frequent transactions with higher-risk jurisdictions (especially where a customer has limited activities in or nexus to Singapore) may warrant additional scrutiny.
Customer ML/TF risk rating	FIs would have in place their respective customer risk rating frameworks to classify customers into a certain AML/CFT risk category based on a set of customer risk factors (e.g., business type, geographies, products used, etc.). While a high-risk customer would be subjected to ECDD, the risk may not be due to pertinent SoW risks, and therefore not necessitate Full SoW Due Diligence. At the same time, a customer rated as Low Risk or Medium Risk does not directly suggest that the customer will not present any pertinent SoW risk.

For domestic PEPs / RCAs (i.e. Singapore), or an international organisation PEP where the bank assesses that the business relations or transactions with a domestic PEP, or an international organisation PEP does not present higher SOW risks, a risk-based approach could be considered to determine the appropriate extent of SoW Due Diligence.

The multi-factor customer attributes approach can be applied by FIs serving clients in the retail banking sector in the following manner to determine the extent of SoW Due Diligence required. In doing so, FIs should ensure that the applicable attributes and/or implementing thresholds (referred to as corroboration thresholds) are calibrated based on their inherent business strategy as well as their own risk appetite considerations and reviewed periodically. This would aid the determination of the degree of SoW due diligence required. In addition to the above attributes, the product(s) held by the customer could be factored into consideration on the level of SoW risk assessment (e.g., customer solely holding a credit card as compared to a customer holding a transactional account).

In the below example, Customers A and B have been initially assessed as non-high-risk customers. Typically, at the point of onboarding, these customers will only be subject to CDD where SoW Due Diligence is not required. As the customers' relationship with the FI continues and additional behaviour is observed, FIs may observe wealth risk emerging from the customer's activity and thereafter trigger the need for appropriate SoW Due Diligence.

[2] FIs can consider using lists such as, but are not limited to, Citizenship By Investment (CBI) lists provided by the OECD in order to delineate which customers may be holding citizenship as a result of investment schemes (i.e. "Golden Passport").

Table 3: Application of multi-factor customer attributes for SoW consideration (Retail Banking)

Multi-factor Customer Attributes	Customer A	Customer B
ML/TF risk rating	Low	Medium
AUM *(For example - $X mil is the threshold for SoW baseline)*	$X mil – above Baseline SoW Due Diligence threshold	80% of $X mil – below Baseline SoW Due Diligence threshold
Transaction throughput *(For example - last 3 months, where $Y mil is the threshold for SoW baseline)*	$Y mil x 200% (inflow) – above Full SoW Due Diligence threshold	$Y mil (inflow) – above Baseline SoW Due Diligence but below Full SoW Due Diligence threshold
Net Worth	$Z mil	$Z mil
Country of birth	Foreign country X	Foreign country X
Citizenship	Foreign country Y, where 'Golden Passports' are offered	Foreign country X
Residence	Singapore	Singapore
Singapore nexus	Yes	Yes
SoW Approach	**Full**	**Baseline**

Where FIs observe material SoW wealth risk from the customer, FIs should consider applying SoW Due Diligence regardless of the customer's ML/TF risk rating. Please note that while this practice goes beyond MAS' requirements, FIs are recommended to consider such an application to ensure the "same risk, same control" approach is adopted.

FIs should also re-evaluate the ML/TF risk rating of the customer, and where appropriate, adjust the ML/TF risk rating as needed to reflect the heightened risks. FIs should document the outcome of the assessment, and the rationale should there not be any adjustment to the ML/TF risk rating made.

3.3. Corporate Banking

Consistent with the approach presented above for retail banking, a tiered approach for SoW analysis for corporate banking businesses is to be considered. A two-tiered approach allows FIs to balance efficiency with thoroughness and ensure a robust risk assessment framework for corporate customers while prioritising resources for higher-risk entities which demonstrate higher wealth risks (e.g. risks identified as part of the holistic customer assessment such as from the country or jurisdiction which the entity or its beneficial owners are from, the nature of the entity's activities, etc. should be considered).

At minimum, FIs should collect a baseline set of SoW information from customers to ascertain whether material wealth risk is present and thereby allowing FIs to assess the appropriate tier of SoW Due Diligence that should be applied.

- **Tier 1 – Baseline SoW Due Diligence:** For high-risk customers that do not otherwise present material SoW risks, SoW due diligence can be conducted at an entity-level to assess the propensity and extent of wealth risk associated with the entity. The baseline approach entails collection of 'base set' of SoW information that permits the FI (i) to develop a deeper understanding of the entity's profile, business activities to assess whether its size / net assets are broadly supported by their business activities and (ii) to understand details on the entity's initial funding sources (i.e., details on seed capital funding, where practicable), therefore granting FIs the flexibility to assess the need for full SoW due diligence.
- **Tier 2 – Full SoW Due Diligence:** For all other high-risk customers (e.g., those identified as having significant personal wealth exposure or potential SoW concerns through the baseline entity-level SoW assessment), FIs should collect the 'base set' of SoW information of customers and their

UBOs (refer to the previous section of the 'base set' of information in the context of UBOs) and thereafter take the additional step to corroborate this information.

In applying Tier 1 Baseline SoW Due Diligence for Corporate Banking customers, the base set of information that is collected should enable FIs to:

- Form an understanding of an entity's revenue, profitability, and overall financial health
- Form an understanding of the entity's key milestones and growth over the years, to enable the assessment of the plausibility of its claimed net assets (and potential inconsistencies)
- Examine the legitimacy of the entity's nature of business activities (considering whether their business activities are consistent with the typical sources of revenue, and potential funding mechanisms, including non-arms-length related party loans)
- Evaluate the overall consistency of an entity's profile against their understanding based on what was also supplied at the time of KYC (including where KYC information was provided historically)

This may include, but not be limited to:

- Requesting for the entity's audited financials, and where the entity claims not to have audited financials, assessing whether the reasons are valid and reasonable (e.g., such as in cases where the entity is newly incorporated) and documenting the validity and reasonableness of reasons provided (and thereafter seeking for other alternatives, e.g., unaudited / management financials / external reports such as Quantum, Experian)
- Considering additional checks and benchmarks against independent sources (e.g., tax accountants, third party due diligence providers) to assess the plausibility of the entity's representations
- Assessing whether the entity has a substantial public footprint (which may provide comfort that its financials are indeed contributed by the stated business activities over time)
- Verifying against public registers (e.g., UK Companies House, ACRA, etc.)

In determining the appropriate nature of SoW Due Diligence to be applied on entities, FIs serving Corporate Banking clients should consider the underlying nature of these entities, and the risks that they present. As examples, FIs can consider the following guiding principles regarding the types of entities, as detailed in Table 4, that typically present lower risks of personal wealth exposure, and for whom Tier 1 Baseline SoW Due Diligence may suffice and be more appropriate:

- Entities that are subject to stringent regulatory disclosure requirements and requirements related to transparency (e.g., identification and review of its beneficial owners, KYC checks on customers / investors)
- Entities that are subject to strong government oversight (e.g., those primarily derived or funded by public funds / government resource
- Entities that are financial institutions regulated by the MAS or equivalent regulator which adopts AML/CFT standards consistent with the FATF, or investment vehicle managed by them.
- Entities with non-material AUM or where the intended or received funding from UBOs in the account is under a materiality threshold (as defined by the FI), hence posing lower ML/TF risks
- Entities with only limited proportion of their funding sourced from high-risk individuals (e.g., PEPs & RCAs who are not UBOs), thereby reducing the risk of personal wealth exposure

By considering the above risk-based criteria, FIs can prioritise their efforts towards entities with higher risk profiles and thereby enhance the efficiency and effectiveness of SoW due diligence measures. With respect to corporate entities, there is likely a need for differentiation between the various types of

corporate entities considering that each type entails varied inherent ML/TF risks. Therefore, the following framework can be considered in context of corporate entities.

Note: These determinations are intended to serve as best practices for consideration. FIs can introduce and/or customise the application of these entity types, where they determine that the entity type(s) may pose a more pertinent SoW risk.

Table 4: Considerations for the determination of Full vs. Baseline SoW for Entities under Enhanced Customer Due Diligence (ECDD)

Types of Entities	With material SoW risks requiring a Full SoW Due Diligence	Risk considerations for Baseline SoW Due Diligence
OpCos	Politically Exposed Corporations (PECs) / High Risk OpCos that intend to bring in or have brought in material AUM, and do not meet any exclusion criteria listed on the adjacent column	PECs / High Risk OpCos that meet any of the below exclusion criteria: • Entity (or its parent with effective controllership or ownership) is listed or traded on the Singapore exchange (or on a stock exchange outside Singapore that is subject to (i) regulatory disclosure requirements, and (ii) requirements relating to adequate transparency with respect to its beneficial owners • Entity (or its parent with effective controllership or ownership) is a FI regulated in Singapore, or incorporated / established outside Singapore but is subject to and supervised for compliance with AML/CFT requirements consistent with standards set out by FATF (including NBFIs) • State-owned entities ("SOEs") from non-high ML/TF risk countries • UBOs are not PEPs/RCAs, or the PEP position is domestic from the booking location. Other factors, such as the company's years of incorporation, profitability, or the materiality of its AUM maintained with the bank can also be considered as part of the assessment. However, FIs should exercise caution and avoid relying solely on any of these factors in determining the extent of the SoW required by carefully considering any potential red flags identified during the baseline SoW due diligence, which may further drive the need to conduct full UBO SoW due diligence.
Investment companies (PIC & IHC)	If the entity serves as a wealth management structure that holds assets and receives funds from its UBO(s) that are planned for investment above a materiality threshold	Entities serving as wealth management structures that do not intend to or do not receive funding from UBOs in the account above a materiality threshold (as defined by the FI).
Funds	If the FI is not exempted from the inquiry of beneficial ownership as: • The fund manager or entities responsible for conducting CDD on underlying investors is not, or not part of, a financial institution regulated by the MAS or	If the FI is exempted from the inquiry of beneficial ownership as: • The entity responsible for conducting CDD on the underlying investors (e.g, fund manager, fund administrator, transfer agent) is, or a part of, a financial institution regulated by the MAS

	equivalent regulator which adopts AML/CFT standards consistent with the FATF	or equivalent regulator which adopts AML/CFT standards consistent with the FATF.
Others	PEC / High Risk entity that is not an OpCo, investment company, or funds • Private trusts, foundations • Single/Multiple Family Offices	PEC / High Risk entities under "others" meeting any of the below exclusion criteria: • Entity is a government body (e.g., embassy, consulate, high commission) • Entity is a non-commercial entity (e.g., MCST, public schools, clubs, societies.) • Entity is a public trust / foundation (e.g., employee trust, employee foundation, or other foundations with low wealth risks)

Where FIs observe material SoW risk from the customer, FIs should consider applying SoW Due Diligence regardless of the customer's ML/TF risk rating. Please note that while this practice goes beyond MAS' requirements, FIs are recommended to consider such an application to ensure the "same risk, same control" approach is adopted.

FIs should also re-evaluate the ML/TF risk rating of the customer, and where appropriate, adjust the ML/TF risk rating as needed to reflect the heightened risks. FIs should document the outcome of the assessment, and the rationale should there not be any adjustment to the ML/TF risk rating made.

4. Execution of Risk Mitigation and SoW Corroboration

The tiered approach described in the previous section allows FIs to distinguish between customers identified as having lower SoW risks and those with higher SoW risks that require additional corroboration. This section outlines potential risk mitigation controls that can be applied to retail and corporate banking customers assessed as having lower SoW risks, as well as best practices for addressing the corroboration of common SoW types that present the most significant risk.

4.1. Risk Mitigating Controls

As described in previous section, SoW corroboration is required for Private Banking and Wealth Management customers as well as customers of Retail Banks and Corporate Banks assessed by the FI to pose higher SoW risks.

For Retail Banking and Corporate Banking customers who are assessed as having lower SoW risks, while FIs may not need to perform full SoW corroboration under Baseline SoW Due Diligence, FIs should still consider adopting a risk-based approach and implementing suitable risk mitigation controls to effectively assess the reasonableness of the SoW information collected based on customer's representations. Several techniques that FIs can consider include, but not limited to:

- Conducting internet searches for public information to verify the existence of SoW information provided by the customer.
- Gathering information from reliable public sources (e.g., tax accountants, third party due diligence providers) regarding the customer's financial position.
- Evaluating the reasonableness of the declared material drivers of SoW by comparing it against publicly available data.
- Performing benchmarking exercises to assess the plausibility of the declared material SoW drivers in relation to comparable industries or businesses of similar size in the same location.

Depending on the (a) identity of the customer and (b) information already available or obtainable from internal or external sources, FIs should tailor the approach to assess the reasonableness of the collected SoW information whilst bearing in mind the overall customer experience. The below outlines risk mitigation controls that can be considered under various customer scenarios:

Table 5: Examples of Risk Mitigating Controls under Various Customer Scenarios

Customer Scenarios	Risk Mitigating Measures for Consideration
Customer is a prominent, publicly known person	Utilise reliable, independent public sources about the prominent person's wealth information to assess the reasonableness of the collected SoW information
Customer has a long-standing relationship with the FI	Utilise the FIs' internal records to assess the reasonableness of the collected SoW information
Customer is closely related to a prominent person or long-standing customer	Evaluate whether it can be evidenced that the customer's wealth was derived from the prominent person or long-standing customer
Customer cites difficulty in providing long-dated information	Exercise professional judgment to identify essential information for reasonableness assessment of SoW information. If obtaining evidence proves difficult due to the passage of time, consider statutory requirements regarding

document retention and request relevant documents within this statutory timeframe.

FIs should apply professional judgement in assessing / verifying the veracity of the SoW information to ensure that there is a reasonable explanation for the customer's economic, business, or commercial activities that led to the generation (or significant contribution) of their overall net worth. Practically, this means understanding and measuring risks in a meaningful way and using that information to focus on proportionate (practical and necessary) efforts and controls to assess plausibility, mitigate and manage the identified risks.

Furthermore, FIs should consider developing guidelines regarding the use of benchmarks and assumptions to ensure that these measures are reasonable, plausible, relevant, and appropriate for the specific risk profile and circumstances of each customer. For instance, when applying assumptions about savings rates, FIs should evaluate the reasonableness of the rates used by considering various expenses, such as income tax rates, customer's demographics (e.g., cost of living in different countries), and customer's family profile (e.g., whether the customer is the sole breadwinner).

Assumptions or extrapolations regarding historical income or profit should also reflect the customer's unique circumstances. For example, FIs should not presume that a customer's income level 20 years ago is comparable to today's income, as differences in experience and seniority can result in significant variations in income levels. Similarly, when making assumptions or extrapolations about business revenue or profit, FIs should consider factors such as the age of the company and the specific industry in which it operates and should not assume that the company has maintained the same level of profit over the years. For instance, while a company may currently report high profits supported by audited financial statements, it may not be reasonable to assume that it achieved similar revenue or profit levels during its early years of incorporation or startup. Additionally, the industry itself may not have been as profitable in the past; for example, a surgical mask production company may experience higher revenue and profit during a pandemic compared to non-pandemic periods.

Where there are genuine practical challenges in conducting SoW due diligence, FIs can consider:

- Assessing customer's ML/TF conduct history (e.g., any STR filed / unusual account activity), especially if the customer has a long-standing relationship with the FI
- Commissioning independent reports from third party due diligence providers to aid the assessment of SoW risks

In addition to the above, FIs should review a customer's SoW information on a regular basis (e.g., during periodic reviews) and during reviews of trigger events (including those identified via ongoing monitoring via data analytics under a dynamic review approach) to ensure that the customer's SoW information is kept relevant, up-to-date, and that the SoW risk is reviewed as appropriate. This is in addition to ongoing monitoring controls to monitor risk triggers and/or changes in customer circumstances which would warrant performance or re-performance of customer risk assessment and/or SoW due diligence. Additional details on considerations for ongoing monitoring are presented in Section 5.

4.2. SoW Corroboration

Corroborating a customer's SoW is a crucial step in establishing confidence in its legitimacy. This process should consider a customer's exposure to a diverse range of ML/TF concerns. Observations across FIs have identified several key SoW scenarios that present challenges in the corroboration process due to the nature of the wealth journey, including but not limited to:

- Inheritances and Gifts
- Business Ownership
- Investment Gains
- Sale of goods that cannot be easily valued (e.g., art, web domains, non-fungible token ("NFT") assets)
- Employment Income

Corroborating SoW from these scenarios typically involves distinct challenges. Each method of wealth accumulation has its own complexities, particularly relating to document verification, determining fair market value, and confirming the legitimacy of reported wealth. This often necessitates thorough documentation and a comprehensive understanding of how the wealth was created, transferred, or potentially obscured.

The following outlines best practices on SoW corroboration for FIs to consider in relation to the wealth scenarios mentioned above, along with relevant mitigating controls tailored to the associated risks. Additionally, case studies are provided to illustrate common issues encountered with the identified SoW types and highlight mitigating factors to consider during the corroboration of a customer's SoW.

4.2.1. Best Practices: Inheritances & Gifts

Inheritances and gifts are often cited as common sources of wealth among customers, but these present their own set of challenges in corroboration. These include, but are not limited to, difficulties in obtaining documentation to support dated wealth, cultural practices surrounding extended family and intergenerational wealth transfer (which often lacks written records), and challenges in ascertaining the degree of relationship between the customer and the asset contributor.

To address these challenges, FIs can consider several due diligence and mitigation strategies, including but not limited to:

- Utilising public information and/or third-party confirmation from credible sources (e.g., tax accountants, third party due diligence providers) in trying to establish the veracity of the gift.
- Conducting plausibility assessments on the customer's wealth journey, gift amount, and relationship with asset contributor by requesting supporting evidence (e.g., evidence of gift being received into customer's account, deed of gift, will, probate, common address proof, payment of inheritance taxes where appropriate, birth and marriage certificates, etc.). This should also include a further plausibility assessment on the asset contributor's source of wealth.
- Identifying material inconsistencies during cross-verification checks throughout the customer lifecycle that may indicate fraudulent behaviour (e.g., cross-verifying whether details of the stated SoW during onboarding are commensurate with those provided during ongoing monitoring).
- Seeking senior management approval for maintaining relationships that are under scrutiny.

Given cultural sensitivities and privacy concerns, further probing into the degree of relationship should be made discreetly and where assessed to be appropriate. Accordingly, FIs should understand and establish (with supporting evidence to the extent practicable) the relationship between the asset contributors and customers to the extent that it addresses the underlying plausibility of the gifting, especially where there are doubts with regard to the rationale of the gift (e.g. between distant relatives or unrelated individuals). FIs may establish the relationship between the asset contributors and customers using insights gleaned from interactions with the customer, RM's knowledge of the customer, house visits or public information on the customer.

In addition to establishing the relationship between asset contributor and the customer, FIs should also consider the need to conduct a SoW assessment on the asset contributor, especially if he/she is a significant or material SoW contributor, to assess the legitimacy and reasonableness of the gift. This

may include, but is not limited to, obtaining independent information to verify the gifting transaction, understanding how the asset contributor acquired his/her wealth, their estimated wealth, and to consider if the gift in relation to the asset contributor's wealth is plausible considering all relevant circumstances (e.g., relationship, reward bonus for a business venture, etc.). In addition, keeping in mind the principle of relevance, FIs should consider the duration of which the customer has held the assets and establish a guidance to evaluate whether any documentary evidence requested are sufficiently recent to be kept. If there is lack of documentation due to long passage of time, the framework should outline alternative methods for corroboration.

The following case studies examine scenarios where an individual's wealth was derived from inheritances and/or gifts, and the steps taken to mitigate and resolve the difficulties faced.

Table 6: Case Study 1 – Inheritances & Gifts

Background	Customer's SoW is derived via inheritance of $2 mil from her late husband who had passed away 20 years ago. Customer also advised that her late husband was a Senior Vice President at Country X's Bank for years.
Risk Flags Identified	Customer could only provide her husband's death certificate which verifies her husband's name and was unable to provide other relevant documents.
Best Practices on Risk Mitigation Steps	As long-dated documents may no longer be retrievable, FIs can consider establishing connections between the customer and their SoW by triangulating publicly available information with RM's deep knowledge of the customer, including: • Collecting publicly available supporting evidence (e.g., information about the asset contributor evidencing his previous employment at the bank, if available) • Assessing whether the size of the inheritance is justifiable by benchmarking the asset contributor's source of income against relevant public information (e.g., average salary of a senior bank executive) • Detailing RM's deep knowledge of the customer and the length of their relationship (e.g., consider past meetings between the customer and the RM in the presence of asset contributor) • Corroborating investment activities across a reasonable time frame, if the inheritance was invested in assets (in line with the bank's guidelines) • Corroborating the customer's stated SoW based on ongoing account activity (during periodic KYC review) Upon corroboration, FIs should document their reasons for comfort and plausibility with regards to the customer's relationship with the respective asset contributor or escalate to senior management where FIs are unable to form reasonable conclusions.

Table 7: Case Study 2 – Inheritances & Gifts

Background	A retail customer declared a monthly income of $10,000 from Company X. Subsequent significant fund inflows led to a review, during which the customer disclosed additional SoW from a 10% stake in Company Y, a licensed financing guarantee company, where he has been General Manager for 6 years. He also revealed investment in Company Y for a total of $6 mil, which was a gift from his family, whose wealth comes from a long-running restaurant business earning approximately $2 mil annually.
Risk Flags Identified	Customer exhibited inconsistencies in declared business ownership during onboarding and subsequent account openings. A paid registry search indicated that Company Y's business scope did not include financing guarantee services, contradicting the customer's claims. Additionally, Company Y's reported financial figures appeared unreasonable considering its nature and duration of operations.

Best Practices on Risk Mitigation Steps	FIs should consider: • Seeking clarifications from the customer to address material discrepancies identified between the paid registry search and the customer's representations regarding the nature and history of his company. • Benchmarking the customer's family business against comparable restaurants (similar scale, industry, jurisdiction, business models, structures) to evaluate the plausibility of the profits reported by the family business. • Verifying the customer's familial relationship with the asset contributor (e.g., via public sources, RM's knowledge of family structure, joint accounts, face-to-face meetings, probate documents, etc.) • In absence of public information, consider other mitigating factors (e.g., no conflicting information, no negative news or prior suspicious activities)

Table 8: Case Study 3– Inheritances & Gifts

Background	A customer's SoW is derived in part from his employment from a senior position in a multi-national pharmaceutical company. • The annual reports of the pharmaceutical company are available publicly, from which it can be identified that the customer has earned an average of approximately $500,000 per year in salary and performance-related stock options over the past 5 years, since taking on his current role. • Prior to his current role he was not in a senior role itemised in the company's annual reports and it is reasonably understood that he was earning a lower level of remuneration. • He has worked for the pharmaceutical company for approximately 15 years before making it to his current level of seniority. • The customer has indicated that his net worth is approximately $20 mil. Noting that the customer's estimated wealth is not supported by his employment remuneration alone, the bank probes further on his other sources of wealth – the client confirms that his spouse is from a materially wealthy family, and they have been gifted several properties by his father-in-law. In this circumstance, the SoW of the father-in-law should be understood and risk assessed at a minimum (it may be derived from a source which would otherwise be outside of policy for the bank), and corroboration requirements should be triggered in the same was as if the gifts had been the client's only source of wealth.
Risk Flags Identified	Given that the estimated net worth of the client materially exceeds the amount which could be contributed by his employment earnings from the pharmaceutical company (a $20 mil net worth accumulated over a 20-year career is not supported even by the level of his remuneration at his most senior point) the bank should seek to understand what other sources have contributed to the client's wealth. The other source(s) in such a case represent the majority of the client's wealth as opposed to his readily corroborated employment income and may pose additional risks that the bank would not otherwise be aware of or be able to assess.

Best Practices on Risk Mitigation Steps	FIs should consider: • Ensuring that where SoW corroboration requirements are triggered, the customer's total wealth is considered, not only the portion of assets being brought to the respective bank. • Applying reasonable assumptions regarding early-career remuneration levels compared to late-career remuneration levels and considering appropriately what the likely total career earnings / savings would be, and whether there could be other more material sources of wealth. • Where the total wealth is not supported by the combination of independently corroborated and reasonably extrapolated earnings, enquiring as to other sources. • Where other sources are identified, the documentation and corroboration requirements associated with such a gift should also be followed; for example, evidencing the father-in-law's business through public means, and the gift / transfer of the properties through documentation, which should reasonably be available for property-related transactions.

4.2.2. Best Practices: Business Ownership

SoW derived from business ownership can originate from profits, dividends, asset sales, or appreciation in the value of a business over time. This form of wealth generation can be substantial, especially if the customer owns a significant stake in the company or a group of companies. However, corroborating wealth from business ownership poses several challenges due to complexities in valuing private enterprises, tracing income streams, and verifying ownership structures.

The approach that FIs should take in understanding and corroborating SoW derived from business ownership should also consider the underlying source of the wealth – i.e. whether the wealth is derived from ongoing business ownership and operation or whether the wealth is derived from a purported sale of the business. In the case of the latter, private businesses are particularly difficult to value accurately.

Unlike listed companies with clear market valuations, private businesses rely on financial statements that may not always reflect the true economic value of the business. In addition, finding an ideal benchmark can prove difficult – while a client's company financials should be expected to largely align with a benchmark, it could still nonetheless reasonably deviate from the benchmarks due to idiosyncrasies in each business models, operations, scale, and market conditions. These limitations have traditionally resulted in FIs placing reliance on documents provided by customers.

Nevertheless, there are several mitigating factors that FIs can consider when facing similar challenges. These may involve conducting a plausibility assessment supported by corroborative evidence, which can include but not be limited to:

- Comparing financial statements to industry averages or independent third-party benchmarks (e.g., from tax accountants, third party due diligence providers), as major deviations might indicate manipulation or atypical practices.
- Conducting additional due diligence if concerns are identified in any unaudited management accounts (e.g., excessively high revenue for a low-profile start-up with limited public footprint)
- Obtaining several years' worth of financial statements (particularly in the context of assessing dividend income which spans many years), prior to performing benchmarking; for periods lacking readily available documents, FIs can consider extrapolating with appropriate adjustments and documenting the assumptions made (and the basis for those assumptions).

The following case studies examine scenarios where an individual's wealth was derived from his/her business ownership and the steps taken to mitigate and resolve the difficulties faced.

Table 9: Case Study 1 – Business Ownership

Background	The account is beneficially owned by husband (Person M) and wife (Person F). Person M, a former software developer, primarily derives SoW from his role as a Finance Director in a business incorporated in Country X that offers technology-related services. He reportedly sold his 30% stake in the business for $30 mil, which was independently corroborated by a sale and purchase agreement. Person F's SoW mainly comes from a gift from her husband, and she is employed at a foreign-incorporated asset management company.
Risk Flags Identified	Person M and Person F provided a notarial certificate for renouncing Country X's citizenship, but their Country IDs were still included in the sale and purchase agreement. There was no corroborative evidence / rationale for the business's sale value, and the legitimacy of the agreement was questioned.
Best Practices on Risk Mitigation Steps	FIs should consider: • Identifying inconsistencies and seeking supporting evidence (e.g., Person M's role as a Finance Director despite his background as a software developer). • Conducting an open media search to verify the customer's ownership of the company and its subsequent sale (e.g., via company registrars). • Obtaining several years of audited financials (e.g. 3 years) from the customer. Where unavailable, document the reasons and obtain alternative evidence for the company's financials / profits (e.g., independent credit reports, bank statements, tax statements). • Requesting additional details regarding business operations (e.g., any large or significant projects engaged, and perform searches where available). • Conducting site visits while documenting detailed observations such as business size, scale of operations, production lines, and employees.

Table 10: Case Study 2 – Business Ownership

Background	Customer attempted to open an account in 2020 but terminated the application after opening an account at another bank. He was reintroduced in 2022, revealing conflicting onboarding information. His SoW includes an e-commerce business in Country X, a $2 mil inheritance from his father and real estate investments. He owns his main SoW company through a nominee agreement, supported by unaudited financials and a property sale agreement.
Risk Flags Identified	Significant discrepancies in the SoW between initial and subsequent onboarding attempts, as well as conflicting information on main SoW company between an external report commissioned, and unaudited financial statements provided by the client. Also, an additional discrepancy was observed relating to the signature of nominees between nominee commencement and nominee termination agreements.
Best Practices on Risk Mitigation Steps	FIs should consider: • Scrutinising and seeking clarification from customers regarding any inconsistencies between the various onboarding attempts. • Escalating discrepancies spotted relating to the signature of nominees between nominee commencement and nominee termination agreements to 2nd Line of Defence. In addition, a risk assessment on the rationale for the nominee arrangement should be conducted to assess if the reasons are legitimate for such an arrangement. • Conducting independent checks against customer's main SoW company (e.g., via paid registrar checks) to (i) independently corroborate customer's ownership through a nominee agreement (e.g., who else are involved, rationale behind ownership structure) and (ii) assess its financials, to verify unaudited financial statements and reconcile inconsistencies with external report. • Seeking additional evidence to independently corroborate the $2 mil inheritance from customer's father.

4.2.3. Best Practices: Investment Gains

Investment gains refer to income derived from interest payments, dividends, or capital gains from the sale of financial instruments (e.g., stocks) or other assets. This form of wealth can be substantial as it often outpaces inflation and traditional savings, allowing investors to build wealth over time (and do so quickly). Common challenges faced in the corroboration of SoW derived from investment gains include:

- **Veracity of the Narrative:** The ease of 'reverse engineering' a plausible narrative of gains with the benefit of hindsight as to fast-growing stocks and/or investments that a 'bad actor' can claim to have invested in to support illicit wealth being introduced into the banking sector.
- **Fluctuations and Complexity**: Potential fluctuations in investment value due to market conditions complicate an FIs ability to value these investments easily.
- **Documentation Issues**: Difficulty in obtaining documents to verify dated transactions due to passage of time and expiration of legal retention periods, along with challenges in consolidating customer's investments across various FIs.
- **Reliability of Records**: Issues in determining authenticity of records provided by the customer, with potential irregularities indicating fraudulent intent. Additionally, customers may employ strategies that obscure true nature of their gains (e.g., via complex financial instruments, derivative contracts). This is further complicated in investment markets that lack transparency and regulatory oversight, particularly in relation to alternative asset classes (e.g., digital assets).

Establishing the legitimacy of wealth derived from investment gains requires scrutiny and specialised knowledge to navigate the intricate landscape of financial markets and ensure compliance with regulatory standards, which might not be reasonable to expect in SoW corroboration checks. Instead, mitigating actions that FIs can consider include:

- Utilising publicly available resources to conduct searches on market trends or prices and validate historical performances
- Obtaining and analyse historical portfolio statements to determine the plausibility and consistency of returns across customer's wealth journey
- Understanding the customer's investment strategy and approach, while ensuring alignment with customer's depth of experience as a credible investor
- Attestation from the customer's RM based on their experience and engagements with the customer (only if the RM has managed this relationship for a reasonable period of time)

The following case studies examine scenarios where an individual's wealth was derived from investment gains and the steps that could be taken and considered to resolve the SoW corroboration challenges faced.

Table 11: Case Study 1 – Investment Gains

Background	Customer's SoW is derived through ongoing financial investments throughout the past 30 years. She was also engaged in property trading during this period and has been a long-standing client of the FI e.g. 10 years.
Risk Flags Identified	Long-dated investments and real-estate transactions, which were difficult to be verified, and the customer was unable to provide evidence for the FI to independently corroborate the historical gains.
Best Practices on Risk Mitigation Steps	While unreasonable to corroborate every investment or transaction throughout the entire historical period, RMs can consider seeking to establish overall plausibility, including: • Requesting documents (e.g., portfolio statements, tax declarations, etc.) or performing research on the client's existing accounts to independently corroborate investment

	incomes and identify when investments were made, types of investments, estimated wealth generated, etc. (including assessing if the current investment strategy is in line with the investment profile of the customer) • Assessing seed capital, including how it was obtained, how long ago, how much it was, and whether it contributed a significant portion of SoW (i.e., establishing materiality). • Corroborating property investments (with focus on recent transactions) based on independent sources (e.g., land search reports), customer's past account activity, and other evidence (e.g., registered property agent number, fund fact sheet, etc.). • Understanding investment profile and current investment performance of the customer, which may enable inferences about past performance (e.g., whether the customer is a subject-matter expert or a well-known investor in a particular sector). • Assessing trends of wealth generation (e.g., whether wealth has been derived from one-off vs. ongoing investment activities). • Documenting the RM's past experiences, if any, with the customer (e.g., how the RM knew the customer, whether the RM assisted customer with obtaining loans, or providing investment advice, etc.). In considering the reasonable approach to take in this case, FIs can also take into consideration: • the length of a customer's relationship with the FI to calibrate the level of additional corroborative evidence that needs to be obtained. FIs should exercise a higher level of vigilance over new relationships compared to existing customers who have had long relationships with the FI and RM, and have not exhibited any ML/TF red flags. This is because, in such cases, FIs and the RM would have a more in-depth understanding of the customer (e.g., history of investment profiles held with the bank, transactional behavior of the customer) and the customer's family's financial profile; and • the RM's depth of knowledge of the customer, which can be used to triangulate publicly available information especially when material SoW driver(s) cannot be adequately corroborated via other means - such cases should also be escalated to Senior Management for risk decisions as appropriate.

Table 12: Case Study 2 – Investment Gains

Background	Customer began investing in 2010 with a $50 mil gift from their father, primarily in stocks and bonds, with estimated annual investment gain of 8%. Due to the passage of time, no corroborative evidence was available to support the gift and the investment gains since 2010. The customer provided bank statements from 2020 as evidence of his current wealth and investment holdings.
Risk Flags Identified	Lacked corroborative evidence for seed funding, and long passage of time made it difficult to corroborate SoW for the seed funding contribution. Additionally, discrepancies were observed in the reported investment returns – although the customer claimed 8% annual return over 10 years, bank statement provided (dated between Feb and Jul 2020) indicated that the funds remained uninvested.
Best Practices on Risk Mitigation Steps	FIs should consider: • Assessing the customer's father SoW to the extent practicable, for the purposes of SoW understanding and corroboration. • Assessing the plausibility of seed funding by conducting public domain searches on customer's father's SoW company or performing site visits to determine whether the company's earnings can justifiably support the seed funding. • Assessing the feasibility of obtaining a statutory declaration regarding the relationship and the gift amount, for material gift amounts • Obtaining additional documentary proof of investments (e.g., portfolio statements, bank statements) to support the average returns and analyse the investment trajectory to evaluate the plausibility of reported gains

Table 13: Case Study 3 – Investment Gains (from Digital Assets)

Background	Customer is a technologically savvy individual with a notable background in programming. Driven by his keen interest in cryptocurrencies, he started exploring trading opportunities in the price movements of Bitcoin and Ethereum. Leveraging his programming skills, he developed sophisticated algorithms to facilitate high frequency trading of these digital assets. Over a period of eight years, customer's strategy was highly profitable and generated returns of $15 mil, increasing his initial capital by many folds.
Risk Flags Identified	Though high returns are possible due to the volatility of digital assets, it is difficult to verify such excessive returns from the purported high frequency trading. It can also be challenging to evidence control and ownership of private cryptocurrency wallets.
Best Practices on Risk Mitigation Steps	FIs should consider • Obtaining trading records and account statements (e.g. for exchange hosted wallets) to substantiate the customer's claims of high trade volume and account balances. Where there are numerous trades conducted, FIs can explore performing sampling to reconcile against public data (e.g., price movements at various points in time). • Obtaining on-ramp and off-ramp evidence to validate fiat-to-crypto conversion and vice versa. • Understanding details of the customer's high frequency trading strategy and consulting in-house subject matter experts (e.g., trading desk) to assess plausibility. • Witnessing the customer logging into his private un-hosted wallets. Videos and screenshots may be recorded as corroborating evidence. Furthermore, Satoshi Test and/or message signing may be further performed to verify ownership and control. • Performing on-chain screening to identify any negativity associated with customer's wallets.

4.2.4. Best Practices: Sale of goods that cannot be easily valued

Wealth generated from the sale of goods that are difficult to value, such as art, antiques, collectibles, web domains, NFTs, or rare commodities, poses unique challenges for FIs in verifying the legitimacy of the wealth generated. These assets are often hard to appraise due to the:

- **Subjective nature of value**: Typically influenced by trends, preferences, and perceived scarcity, making it challenging to establish an objective value, as different buyers or markets may assign vastly different value to the same asset.
- **Lack of a transparent market**: While some items are sold through established platforms like auction houses, many are traded privately, resulting in minimal documentation and oversight. This makes it difficult to verify sale prices or flow of funds.
- **Issue of Provenance and Authenticity**: Establishing the legitimacy of an item (particularly in markets like fine art), its origin, ownership history, and authenticity can be a considerable undertaking and may raise questions about the legality of the item.

Given the above, verifying wealth from hard-to-value goods is a complex process that necessitates specialised knowledge and increased scrutiny, as the opaque nature of the market can be exploited to conceal illicit funds or inflate the perceived value of the items sold.

The following case studies examine scenarios where an individual's wealth was derived from sale of goods that are difficult to value and the steps that FIs can take to mitigate and resolve the difficulties faced.

Table 14: Case Study 1 – Sale of goods that cannot be easily valued

Background	Customer is from Country A, residing in Singapore since 2021, and claims that her SoW comes from Company A. Public information about Company A is limited, with customer providing extracts of financials but refusing to share full financials. Subsequent

	transactions triggered review of SoW, particularly a complex sales & purchase agreement (S&P) involving a share transfer to Person A. This agreement revealed undisclosed assets owned by the customer, including the sale of Company B and associated assets, represented by 8 email domains, for $69 mil through various 3rd party companies.
Risk Flags Identified	The Bank's KYC efforts to validate the commercial rationale of the S&P faced challenges due to its complexity. Key risks included: • Unknown basis for $69 mil sale price • Lack of information on the purchaser (Person A) • Unsubstantiated claims of the customer's ownership of Company A and Company B • Absence of corporate stamps from Purchasing & Acquiring companies in S&P • Suspicions that a lawyer was improperly included to lend legitimacy (document lacked lawyer's firm logo and showed inconsistent signature)
Best Practices on Risk Mitigation Steps	FIs can consider conducting a plausibility assessment and attempting to verify the legitimacy of the customer's company, including: • Requesting additional documents to independently corroborate the sale process, including basis for the sales price, counterparty due diligence, rationale for the sale, etc. • Conducting independent checks (e.g., via open media search) to ascertain commercial viability of the sale of the customer's company • Evaluating submitted documents critically (e.g., assessing legitimacy of the sign-off, and checking whether the S&P agreement appears overly complex without a reasonable explanation, etc.) • Challenging the veracity of the S&P document after gathering important observations regarding the signatories and their roles in the agreement, obtaining documentary evidence of the amount received from the sale (e.g., bank statements).

Table 15: Case Study 2 – Sale of goods that cannot be easily valued

Background	A prospective customer, who is an antiques collector, wants to open a private banking account, citing a $650 mil mega jade sale as main SoW.
Risk Flags Identified	While documents were provided for mega jade sale, concerns remain about ownership or origins of the mega jade and plausibility of the SoW from this sale, given difficulty to value such a precious stone, limited information on buyer's ability to afford, etc.
Best Practices on Risk Mitigation Steps	FIs should consider: • Approaching the sale with skepticism due to the items and amounts involved and undertaking additional steps to verify the authenticity of the supporting documents provided by the customer. • Conducting necessary due diligence on counterparties involved in the purported SoW to ensure legitimacy. • Exercising professional, independent judgment to determine whether the purported deal makes commercial sense, including assessing the plausibility of the $650 mil price tag for the jade. • Engaging the services of external professionals, where possible, to advise on the likelihood of such a transaction.

4.2.5. Best Practices: Employment Income

SoW from employment income implies that a customer's wealth primarily originates from earnings received in exchange for their work and/or their services. This includes, but is not limited to, salaries, bonuses, commissions, or other employment-related compensation. Such income can form the basis for savings, investments, and/or other financial assets. Common challenges faced in the corroboration of SoW derived from employment income include:

- **Documentation Issues:** Difficulty in obtaining documents to verify employment history due to the passage of time or if the company had already ceased operations / if the salaried income is from several years ago. There may also be a lack of public information on a customer's appointment within a company.
- **Authenticity of Documents:** Challenges in determining the authenticity of records provided by the customers, especially in smaller or foreign companies. Customers may also potentially falsify pay slips or employment letters to inflate their employment income to obscure the true nature of their wealth.

Nevertheless, there are mitigating factors that FIs can consider when facing these challenges. FIs can conduct a plausibility assessment and apply their professional judgement by:

- Comparing the customer's employment income to industry averages (i.e., benchmarks that are plausible). In doing so, FIs should ensure the use of a matching and credible benchmark that is not significantly disparate from the customer's specific SoW and circumstances. The following (non-exhaustive) measures can be considered in selecting and adopting a benchmark:
  - Country of employment
  - Business/industry type and size
  - Employment role and seniority
  - Time period of the benchmark used
- Conducting additional due diligence checks if concerns are identified (e.g., discrepancies in the customer's narrative vs. information found on the public domain).

The following case studies examine scenarios where an individual's wealth is derived from employment income and the steps that could be taken and considered to resolve the SoW corroboration challenges faced.

Table 16: Case Study 1 – Employment Income

Background	The account is beneficially owned by husband (Person H) and wife (Person W). The couple's net worth is represented to be largely derived from Person H's employment income. Person H was said to be part of the senior management of a global bank and was working in Foreign Country X between 1980 to 2010 where he finally retired. He was said to have held positions such as the Head of Investment Banking, Chief Operating Officer and eventually, Vice Chairman.
Risk Flags Identified	Person H's reported wealth exceeded what might solely be expected from his declared income. In addition, due to the passage of time, there was no corroboration of his employment with the purported global bank.
Best Practices on Risk Mitigation Steps	FIs should consider: • Verifying (e.g. via open media search) Person H's employment and tenure with the FI given his seniority of a large multinational corporation. • Obtaining salary slips from Person H to verify his remuneration from the bank. Where unavailable, documenting rationale and obtain alternative evidence for the customer's salary (e.g., bank statements, tax statements) • Requesting additional details regarding Person H's employment (e.g., stock option grants, bonuses)

Table 17: Case Study 2 – Employment Income

Background	Customer declared that she was a housewife at the point of onboarding and indicated "gift from spouse" as her SoW. Considering immaterial wealth risk at point of onboarding, SoW due diligence was not triggered. Later, the customer was triggered for SoW due diligence from the FI's on-going monitoring of AUM. Customer claimed to have multiple streams of employment income, including being a marketing director, real estate agent and sales manager at a food and beverage company. Customer also purportedly accumulated significant savings from prior employment history, enabling a property purchase at $3 mil which she sold for a profit 3 years later.
Risk Flags identified	Period of employment contradicted customer's original declaration as housewife during onboarding. Customer's multiple employments were concurrent and across different industries. Additionally, there were inconsistencies in dates for the issuance and signing of employment contract. Customer's age and multiple sources of employment income also did not adequately support the SoW for the property purchase of $3 mil.
Best Practices on Risk Mitigation Steps	FIs should consider: • Assessing the discrepancies between declarations at account opening and subsequent representations of employment. • Understanding customer's education and career background to assess reasonableness of being employed concurrently across different industries. • Conducting public domain search on roles in similar industries to assess reasonableness of income declared by the customer. • Assessing whether the customer's wealth journey adequately supports the purchase.

Table 18: Case Study 3 – Employment Income

Background	Customer was subject to SoW corroboration based on their AUM holding with the FI. Customer who was 32 years old, declared his occupation as a Managing Director working in Company X for 5 years since 2020, with prior experience working in Company Y as a Director for 8 years. A public domain search on Company X and Company Y showed that the companies are owned by the customer's father.
Risk Flags identified	• Lack of details in employment letter provided by Company X. • High annual income in Company X was suspicious given customer's profile (e.g., age). • Benchmarking of salary performed for customer's employment in Company Y via online salary search was not relevant to the industry that the customer was employed in.
Best Practices on Risk Mitigation Steps	FIs should consider: • Seeking clarification from the customer regarding the red flags identified and obtaining other SoW corroborative documents such as tax documents and/or returns (e.g., Notice of Assessment). • Ascertaining the legitimacy of customer's employers via public domain, paid registry searches or independent sources (e.g., third party due diligence providers) • Understanding the customer's background, (i.e., age, education, professional experience) to assess if the overall customer profile is reasonable and remuneration is commensurate with the position held.

5. Ongoing Monitoring

A customer's underlying SoW risk can change during the lifecycle of their relationship with the FI (e.g., fresh funds introduced into the relationship, changes in their transacting behaviour, change in SoW profile etc.). Alternatively, more information about a customer can be gleaned (particularly in Retail Banking and Corporate Banking) as a customer transacts and engages with the FI more (considering that the majority of the customers in these segments will only undergo basic CDD as opposed to a comprehensive ECDD).

It is important to note that the approach for monitoring and re-assessing SoW risk should be tailored to the specific characteristics of each business segment within each FI. A standardised, one-size-fits-all approach may not be effective or efficient. A measured and differentiated approach, which considers the inherent risks and complexities of each segment (e.g., retail banking vs. private banking vs. corporate banking), is crucial for effective and efficient risk management (including resource allocation). This ensures that an FI's operational capacity and resources are focused on the areas that pose the greatest risk, while maintaining a proportionate strategy and response across all segments.

FIs would have automated transaction monitoring ("TM") and other such processes and capabilities to identify suspicious behaviours which may suggest potential money laundering or other financial crimes occurring. However, the reliance on an automated TM solution is not necessarily the panacea; this considers the fact that TM focuses on suspicious behavioural patterns, and the associated disposition of alerts primarily focuses on Source of Funds and not Source of Wealth.

FIs, therefore, should consider putting in place measures to monitor and identify changes in customer circumstances which would then trigger a risk assessment to re-calibrate SoW risk. Ongoing monitoring should also consider the information gleaned from SoW establishment (e.g., the customer's indicated net worth), to facilitate the FI's assessment of wealth risk and whether there is an emerging need to perform or re-perform SoW corroboration.

In determining risk triggers that would warrant performance or re-performance of SoW post-onboarding, a similar set of considerations can be considered (based on those defined by FIs under Section 3). Example considerations include, but are not limited to the following:

Table 19: Considerations for performance / re-performance of SoW corroboration (post-onboarding)

Triggers	Approach
Adverse news on the customer relating to SoW	Conduct regular name screening to identify customers with adverse news; following the identification of adverse news, assess the materiality of the SoW risk arising from the adverse news and perform SoW due diligence as appropriate
Changes in customer profile (e.g., exhibiting single / multi-factor attributes, as outlined in Section 3)	Perform the risk assessment and determine whether the occurrence of such a trigger will warrant in the customer presenting pertinent SoW risk, and perform the SoW due diligence as appropriate
Injection of funds, or abnormal fund flows passing through the account (where the value is deemed to exceed the FI's defined attribute threshold, and / or higher than the indicated SoW of the customer)	FIs should continue to remain alert to abnormal large fund flows which may bring about an enhanced wealth risk. In such cases, FIs should assess whether such transactions are in line with the customer's profile (considering information such as the indicated net worth, expected account activity, expected SoF) which may then warrant the need for further due diligence and/or updating SoW due diligence, including but not limited to revision of net worth or obtaining additional SoW corroborative evidence.
Indications suggesting that existing SoW information collected on a	FIs should re-assess the relevancy, accuracy, and reliability of existing records (including the legitimacy of the assets being held

customer (or beneficial owner) may not be up to date, inaccurate, or unreliable (e.g., AUM is significantly higher than indicated net worth)	or managed on behalf of the customer). FIs should consider re-assessing the need for further due diligence and/or updating SoW due diligence, including but not limited to revision of net worth or obtaining additional SoW corroborative evidence.
FIs become aware of new or changes in SoW contributors	FIs, as part of their assessment, should assess the materiality of the change (e.g., whether the new / changed SoW contributor is material compared to the customer's indicated total wealth, or of higher risk), which may then warrant the need for updating SoW due diligence, including but not limited to revision of net worth or obtaining additional SoW corroborative evidence.

Detection of changes in the materiality of SoW risks can be undertaken through various solutions and capabilities, and at various points of the customer journey. This ensures that ongoing customer behaviours are continuously tracked, and cases where SoW risk factors change (versus those declared during onboarding) or where a significant AUM increase due to personal wealth exposure is observed, can be triggered for SoW review if required.

Where possible, FIs should explore leveraging technological enablers to enhance the effectiveness of the ongoing monitoring of changes in the materiality of SoW risks. These technological enablers can uplift an FI's capabilities across data collection, risk detection, and holistic (cross-segment) risk management.

In terms of data collection, FIs can consider digitising relevant data points to support ongoing monitoring, and to support development of data analytics to identify SoW profiles which require enhanced due diligence. In terms of risk detection, FIs can consider the use of data analytics capabilities to detect risk signals on an ongoing basis (which can otherwise be hard to detect manually). In addition, FIs can consider the use of artificial intelligence capabilities to detect potentially fraudulent documents, while exploring the use of machine learning capabilities to identify higher risk cases based on dynamic attributes (e.g., a customer's transactional patterns vs. their profiles).

An analytics-led approach would enable FIs to be significantly sharper in the identification of risks, and thereafter ensure that these customers can be subject to a review focused on SoW corroboration. In addition to uplifting an FI's detection capabilities, these technologies can also enable stronger information sharing within FIs and across business units, allowing the monitoring of related customer accounts holistically. This supports a better understanding of risks associated within customer groups, as well as identification of ML/TF risks and reporting of suspicious behaviours.[3]

Despite the noted benefits, ensuring data symmetry can be an operationally costly endeavour and have implications on effectiveness, resourcing, and cost, whilst not always yielding meaningful returns (particularly when considering that these efforts should not be a one-off, but instead be undertaken on an ongoing basis). As such, the information sharing should be targeted and risk-driven at a reasonable scale to result in an effective outcome – this includes defining the pertinent risk information in specific AML areas and processes as it relates to ML and wealth risk, to be shared.

FIs can consider taking a progressive approach in implementing the information sharing arrangements within and across their business units. Some illustrative scenarios where key information and risks observed between business units can be shared to support a holistic customer view are outlined below.

[3] For example, where a customer and/or a beneficial owner has accounts across business units within an FI, information on SoW may currently not be shared resulting in different sets of SoW assessments for the same customer across business units. As such, there are opportunities for information sharing to support an effective and holistic review of customer relationships across business units, which would allow for better triangulation and identification of red flags on an ongoing basis therefore allowing FIs to strengthen their application of AML/CFT controls.

Table 20: Scenarios supporting cross business unit information sharing

Opportunity	Scenario(s)
SoW write-ups maintained by different business units for common related parties may not be consistent. Sharing such information allows consistency in assessment.	Customer and/or common beneficial owners have a banking relationship in more than one business unit within an FI, e.g.: • Single family offices banked by Corporate Banking, while the investment arm is banked by Private Banking • Trust / sole proprietor / private limited companies with a nexus to Private Banking • Common UBOs with a nexus to Private Banking, where the Corporate Banking entity's UBOs are also UBOs of customers in the Private Banking unit • Common parties between Corporate, Retail, and Private Banking customers (e.g., BOs who are also existing customers of Retail Banking)
Sharing and alignment of key customer static datapoints for common individual parties across business units (to ensure that risk assessment is performed using consistent KYC information)	Customers and/or beneficial owners have a banking relationship with more than one business unit within an FI, e.g. • Individual customer is banked by Retail or Private Banking, while a corporate customer is banked by Corporate Banking, giving rise to the need for: o Consistency checks across business units for key ID&V static datapoints (e.g., customer name, unique identification, residential addresses) o Consistency in maintaining the latest verified datapoint across systems (where there are deviations observed)
Establishing a KYC feedback loop between business units and AML investigators, as part of regular AML ongoing monitoring controls (e.g., TM)	• Material differences in the customer profile uncovered during TM investigations vs. the FI's KYC records • Incremental SoW information which deviates from the customer's known SoW • Material adverse news identified from reliable sources, not identified through the FI's name screening process

6. Senior Management Oversight

6.1. Risk Appetite

An FI's Senior Management is responsible and accountable to the Board for the level of risk that it undertakes. This mandate extends end-to-end across the customer lifecycle and journey and begins with ensuring that the customer risk acceptance criteria are in line with the FI's overall risk appetite and business strategy endorsed by the Board.

FIs should clearly define the risk appetite and parameters for the boundaries of risk acceptance, with a supporting governance process. The articulation of risk decisioning parameters should consider factors such as business segments, target markets, jurisdictions, profiles of customers, etc. to determine the level of SoW due diligence requirements that should be fulfilled to reasonably ascertain the legitimacy of the funds and address wealth risk identified.

It should be noted that where the legitimacy of a customer's or beneficial owners' SoW cannot be reasonably ascertained, FIs are expected to put in place additional risk mitigating measures or not proceed with establishing or maintaining business relations with the customer.

6.2. Escalation

In defining the framework to govern the acceptance of SoW corroboration, it is important that FIs clearly consider and document when escalations are required (e.g., where there is a need to assess whether the residual risk of the uncorroborated SoW is acceptable and within the risk appetite as defined by the FI).

This captures situations where it may not be possible or practical to corroborate a significant portion of the customer's SoW, where a customer's material SoW drivers cannot be corroborated, or where a bespoke approach to corroboration is required (e.g., valuation of exotic asset classes such as art pieces). In such scenarios, the residual risk posed by the uncorroborated SoW should be assessed. Where the measures performed do not meet the FI's SoW due diligence standards or where the residual risk of the customer's uncorroborated SoW falls outside the FI's prescribed risk appetite, a mechanism should be in place for such cases to be escalated to Senior Management for approval before establishing or continuing the customer relationship.

6.3. Governance

A clear escalation and approval matrix should be established to govern the establishment of new business relationships and the continuation of existing business relationships where there are residual risk concerns relating to SoW corroboration. The framework should consider the materiality and severity of the risk concerns, as well as the impacted business segments in escalating to the appropriate members of Senior Management (or associated governance forums) accordingly.

Portfolio-level management information and risk reporting shall accordingly be established such that Senior Management can exercise close management oversight. Such reporting shall ensure that appropriate information (including risks and mitigating measures, which vary based on FIs' inherent business strategy and risk appetite considerations) is provided to Senior Management to enable them to form a holistic understanding of risk within the portfolio and to make informed decisions on a timely basis. This information should also be refreshed regularly and reported for ongoing risk monitoring and management.

A close feedback loop may also be considered by FIs such that Senior Management is kept apprised of customers where exceptional approvals have been granted, including but not limited to, the proactive escalation of any risks observed through the customer's lifecycle.

6.4. Risk Mitigating Measures

FIs can also consider a range of appropriate risk-mitigating measures that can be implemented to address the residual risks posed by specific customers, and to empower Senior Management to exercise judgement effectively. Examples of mitigating controls that FIs can consider putting in place include, but are not limited to:

- Limitation or restriction of relationship expansion (e.g., no granting of any new product to the customer)
- Account-specific restrictions (e.g., limiting third party transactions)
- Product restrictions (e.g., limiting investment in products with high velocity risks)
- Downgrading of the AML/CFT customer risk rating (e.g., from low risk to high risk, where such rating results in enhanced transaction monitoring and/or increased frequency of periodic reviews)
- Limiting the AUM that the customer can maintain with the bank
- Requiring Senior Management and/or Compliance approval prior to transaction execution

7. Conclusion

Determining the SoW of customers is a vital component of the FI's efforts to mitigate risks associated with money laundering, fraud, and other financial crimes. By understanding the origins of a customer's wealth, FIs can more effectively assess whether their funds have been acquired through legitimate means, ensuring compliance with AML/CFT regulations. This process helps FIs protect their reputation, avoid regulatory penalties, and build trust with regulators and other stakeholders. Furthermore, it plays a critical role in identifying and preventing illicit activities that could otherwise remain undetected within the financial system.

In addition, given the constantly evolving landscape highlighted in the ACIP Best Practices Paper on Risks in Wealth Management, FIs must stay vigilant to changes to safeguard their interests. This can be accomplished by gaining a deeper understanding of the customer's SoW and leveraging technology to identify risk signals that may indicate significant SoW risks.

8. Glossary

Abbreviation	Full Form
ACIP	AML/CFT Industry Partnership
AUM	Assets Under Management
AML	Anti-Money Laundering
CDD	Customer Due Diligence
CFT	Countering the Financing of Terrorism
EAM	External Asset Managers
ECDD	Enhanced Customer Due Diligence
FATF	Financial Action Task Force
FI	Financial Institution
IHC	Investment Holding Company
KYC	Know Your Customer
MAS	Monetary Authority of Singapore
MCST	Management Corporation Strata Title
MFO	Multi-Family Office
ML	Money Laundering
NFT	Non-Fungible Tokens
OpCo	Operating Company
PEC	Politically Exposed Company
PEP	Politically Exposed Person
PIC	Private Investment Company
RCA	Relatives and Close Associate
RM	Relationship Manager
SOE	State Owned Enterprise
SoF	Source of Funds
SoW	Source of Wealth
SFO	Single Family Office
STR	Suspicious Transaction Report
TF	Terrorist Financing
TM	Transaction Monitoring
UBO	Ultimate Beneficial Owner

Appendix 1 – Working Group Members and Other Contributors

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