



Enforcement Actions | Published Date: 28 July 2020

## MAS revokes licence of Apical Asset Management Pte. Ltd for AML/CFT breaches, reprimands its CEO and Board

Singapore, 28 July 2020 ... The Monetary Authority of Singapore (**MAS**) revoked the Capital Markets Services (CMS) licence of Apical Asset Management Pte. Ltd. (**AAMPL**) on 28 July 2020, for serious breaches of MAS' Anti-Money Laundering/Countering Financing of Terrorism (**AML/CFT**) requirements. MAS has also reprimanded AAMPL's CEO and Director Yeh Yin Yee and Director Bernard Kan Cheok Yin for failing to discharge their duties and functions of ensuring that AAMPL complies with all laws and rules governing its operations.

2 MAS' inspection of AAMPL uncovered severe deficiencies in AAMPL's AML/CFT controls from 2013 to 2018. AAMPL did not have in place basic AML/CFT policies and procedures, which exposed AAMPL to the risk of receiving and/or laundering the proceeds of crime. This risk was heightened in view of the complex ownership structures, comprising multiple layers and investment entities, used by some of AAMPL's customers.

3 AAMPL has committed serious breaches of MAS' AML/CFT requirements under the Notice on Prevention of Money Laundering and Countering Financing of Terrorism – Capital Markets Intermediaries (**Notice SFA04-N02**). In particular:

- a. AAMPL did not conduct any enterprise-wide ML/TF risk assessment (**EWRA**). <sup>[1]</sup> An EWRA is crucial to enable an entity to better understand its overall vulnerability to ML/TF risks and develop appropriate measures to address such risks;
- b. AAMPL did not properly assess its customers to determine whether they presented higher ML/TF risks;
- c. AAMPL's ongoing monitoring controls and procedures were deficient, resulting in its failure to conduct enhanced monitoring of a fund related to a politically exposed person for a significant length of time; and
- d. AAMPL did not subject its AML/CFT controls to independent audits to assess their effectiveness.

4 Based on the matters in paragraphs 2 and 3 above, MAS assessed that AAMPL has fundamentally breached its duty as a CMS licence holder to comply with the laws and rules governing its operations, warranting a revocation of its CMS licence.

5 On 27 July 2020, MAS also reprimanded Yeh Yin Yee and Bernard Kan Cheok Yin for failing to discharge their duties and functions as officers of AAMPL <sup>[2]</sup> to ensure its compliance with all laws and regulations. Both these individuals were the only directors on AAMPL's Board and were principally responsible for the management and conduct of AAMPL's affairs at all times. In addition, Yeh Yin Yee was the CEO of AAMPL. They failed to exercise sufficient oversight or take reasonable steps to ensure AAMPL's compliance with Notice SFA04-N02.

6 Ms Loo Siew Yee, Assistant Managing Director (Policy, Payments and Financial Crime), MAS, said, "AAMPL's lack of basic AML/CFT controls despite the heightened ML/TF risks posed by its clients' use of complex investment structures was an unacceptable failing warranting licence revocation. MAS will not hesitate to take appropriate action against FIs whose policies and controls clearly fail to address the ML/TF risks in their business activities. Board and senior management who fall short in their duties will also be taken to task."

<sup>[1]</sup> According to MAS Guidelines to the Notices, financial institutions are expected to perform the EWRA at least once every two years, or when there are material trigger events, such as the acquisition of new customer segments, or introduction of new products and services.

<sup>[2]</sup> As CEO, Yeh is principally responsible for the management of the affairs of Apical. Both Yeh and Kan, as directors, play a critical role in the management of Apical.

### Additional Information:

#### Revocation of CMS license – sections 95(2)(c) and 95(da) of the Securities and Futures Act (SFA)

Under section 95(2)(c) of the SFA, MAS may revoke a CMS license, if the Authority has reason to believe that CMS licence holder has not performed its duties efficiently, honestly or fairly.

Under section 95(2)(da) of the SFA, the Authority may revoke a CMS licence if it appears to MAS that CMS licence holder has failed to satisfy any of its obligations under or arising from the SFA or any written direction issued by the Authority.

Under regulation 13(a) of the Securities and Futures (Licensing and Conduct of Business) Regulations, the holder of a CMS licence is required to comply with all laws and rules governing the holder's operations. This includes complying with the requirements in Notice SFA04-N02, which governs the licensee's operations as it imposes obligations which affect the day-to-day running of the licensee, such as the conducting of customer due diligence and ongoing monitoring of customers' transactions and accounts.

Reprimand of the directors – section 334(1) of the SFA

MAS has the powers under section 334(1) of the SFA to reprimand a financial institution regulated by MAS, as well as its key officers.

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