COUNTRY COMPARATIVE GUIDES 2022

The Legal 500 Country Comparative Guides

Singapore

WHITE COLLAR CRIME

Contributor

WongPartnership LLP

Melanie Ho

Deputy Head | melanie.ho@wongpartnership.com

Tang Shangwei

Partner | shangwei.tang@wongpartnership.com

This country-specific Q&A provides an overview of white collar crime laws and regulations applicable in Singapore.

For a full list of jurisdictional Q&As visit **legal500.com/guides**

SINGAPORE
WHITE COLLAR CRIME

1. What are the key financial crime offences applicable to companies and their directors and officers? (E.g. Fraud, money laundering, false accounting, tax evasion, market abuse, corruption, sanctions.) Please explain the governing laws or regulations.

The key financial crime offences are governed by various different legislation as set out below:

a. The Penal Code 1871 ("**PC**") is the primary legislation that governs the majority of the criminal offences in Singapore. Specifically and in relation to financial crime offences, the PC sets out offences related to fraud and dishonesty that involve property including criminal misappropriation (see Sections 403 to 404), criminal breach of trust (see Sections 405 to 409), cheating (see Sections 415 – 420A) and fraudulent deeds and disposition of property (see Sections 421 to 424A).
b. The Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992 ("**CDSA**") governs, amongst other things, offences related to money-laundering.
c. The Securities and Futures Act 2001 ("**SFA**") sets out offences related to securities. Commonly prosecuted offences include false trading (see Section 197), market manipulation (see Section 198), and insider trading (see Sections 218 and 219).
d. The Prevention of Corruption Act ("**PCA**") is the primary legislation in Singapore dealing with corruption and bribery offences.
e. The Income Tax Act 1947 ("**ITA**") sets out tax-related offences such as tax evasion and/or fraudulent tax evasion (see Sections 96 and 96A).
f. The Companies Act 1967 ("**CA**") sets out the statutory duties and requirements that companies and their officers have to comply with. Offences which the corporate and/or its officers often fall afoul of includes failing and/or neglecting to keep proper accounting records (see Section 199 of the CA) or ensuring that the company's financial statements are adequately prepared (see Section 201 read with Section 204).

2. Can corporates be held criminally liable? If yes, how is this determined/attributed?

Corporates can be held criminally liable under Singapore laws. Under section 2 of the Interpretation Act 1965 (**"IA"**), a *"person"* includes *"any company or association or body of persons, corporate or unincorporated"*. Similarly, in the PC, the definition of "*person*" includes any company or association or body of persons, whether incorporated or not (see Section 11 PC).

The actions of an officer of the company can be attributed to the company where that person is considered to be the "*living embodiment of the company*", or if that person's acts were performed as part of a delegated function of management. (**Prime Shipping Corp v Public Prosecutor** [2021] 4 SLR 795 at [20] to [23]).

Various specific legislations also impose liability on both corporate entities and their "*officers*". For example, under Section 236B of the SFA, a corporation will be guilty of an offence under Part 12 of the SFA (relating to market conduct, such as false trading, market rigging and market manipulation) if the same is proved to have been committed by an employee or an officer of a corporation with the consent or connivance of the corporation and for the benefit of the corporation.

An officer of a company consents to the commission of an offence by the company when "he is well aware of what is going on and agrees to it". The officer connives at the offence committed by the company "if he is equally well aware of what is going on but his agreement is tacit, not actively encouraging what happens but letting it continue and saying nothing about it" (see **Abdul Ghani bin Tahir v PP** [2017] 4 SLR 1153 at [99].

3. What are the commonly prosecuted offences personally applicable to company directors and officers?

Some commonly prosecuted offences personally applicable to company directors and officers are as follows:

a. Issuing false and/or misleading statements (sections 401- 402 CA);
b. Failing to take reasonable steps to secure a company's compliance with their record-keeping obligations (sections 204(1A) CA);
c. Frauds by officers (section 406 CA);
d. Providing or receiving corrupt gratification (section 5 – 7 PCA).

4. Who are the lead prosecuting authorities which investigate and prosecute financial crime and what are their responsibilities?

Criminal prosecutions in Singapore fall within the purview of the Public Prosecutor at the Attorney-General's Chambers ("**AGC**"). They work closely with the following investigative and enforcement authorities including:

a. the Singapore Police Force ("**SPF**") – the national and principal law enforcement agency responsible for the prevention of crime and law enforcement;
b. the Commercial Affairs Department ("**CAD**") – a specialist division of the SPF responsible for investigating commercial and financial crimes;
c. the Corrupt Practices Investigations Bureau ("**CPIB**") – an independent agency responsible for investigating corruption and bribery, under the purview of the Prime Minister's Office;
d. the Accounting and Corporate Regulatory Authority ("**ACRA**") – regulator of business entities, public accountants, and corporate service providers;
e. the Inland Revenue Authority of Singapore ("**IRAS**") – agency responsible for the administration of taxes and investigations on tax-related offences;
f. the Monetary Authority of Singapore ("**MAS**") – the central bank of Singapore, which also carries out enforcement actions relating to breaches of laws/regulations that it administers;
g. the Singapore Exchange Ltd ("**SGX**") – the domestic bourse, which carries out regulatory functions (e.g., investigating infractions of the Listing Rules or taking disciplinary actions via its independent subsidiary, the Singapore Exchange Regulation Pte Ltd (SGX RegCo)

5. Which courts hear cases of financial crime? Are trials held by jury?

All cases, including criminal cases, are heard before members of the Singapore judiciary. Singapore does not have a jury-based criminal justice system.

The Singapore High Court, District Court and Magistrates' Courts all hear cases involving financial crime. However, the vast majority of financial crime related cases are heard in the District Courts and/or the Magistrates' Courts at first instance. The Magistrates' Courts has the jurisdiction to hear criminal cases where the maximum imprisonment term does not exceed 5 years whereas the District Courts can hear criminal cases where the maximum imprisonment term does not exceed 10 years.

6. How do the authorities initiate an investigation? (E.g. Are raids common, are there compulsory document production or evidence taking powers?)

Investigations typically commence after the relevant investigative authorities receive a complaint, through self-reporting and/or whistle-blowing, or through audits conducted by the authorities.

The powers of investigation that are often exercised by the relevant authorities once an investigation is initiated include (but is not limited to):

a. Entering premises without a warrant (e.g. section 32 CPC; section 22(2) PCA);
b. Search and seizure (e.g. section 24 CPC; section 165 SFA; section 22 PCA);
c. Ordering the production and/or inspection of documents (e.g. section 20 CPC; section 163 SFA; sections 18 and 21 PCA); and
d. Compelling attendance and taking statements from witnesses and/or person(s) under investigation (e.g. sections 21 and 22 CPC).

7. What powers do the authorities have to conduct interviews?

The authorities may compel anyone within Singapore, who may be acquainted with the facts and circumstances relevant to the case, to attend before the authority to assist in the investigations (e.g. Section 21

of the CPC, Section 17 PCA).

8. What rights do interviewees have regarding the interview process? (E.g. Is there a right to be represented by a lawyer at an interview? Is there an absolute or qualified right to silence? Is there a right to pre-interview disclosure? Are interviews recorded or transcribed?)

There is no legal right in Singapore for counsel to be present during interviews with the interviewee (see James Raj s/o Arokiasamay v Public Prosecutor [2014] 3 SLR 750 at [32]). However, an accused has the right to consult a lawyer within a reasonable time (see Jasbir Singh v Public Prosecutor [1994] 1 SLR(R) 782 at [49]).

The interviewee's statement must be recorded in writing or in the form of an audio-visual recording (see Section 22(3) of the CPC). In practice, statements given by interviewees are typically recorded in writing. Such written statements must be read over to the interviewee and signed by him. If the interviewee does not understand English, it must be interpreted for him in a language that he understands (e.g. Section 22(4)(b) of the CPC).

There is also no legislative right for an interviewee to receive pre-interview disclosure. During the interview, an interviewee has the right not to say anything that may expose the interviewee to a criminal charge, penalty or forfeiture (section 22(2) of the CPC).

9. Do the laws or regulations governing financial crime have extraterritorial effect so as to catch conduct of nationals or companies operating overseas?

Singapore laws and regulations generally do not have extraterritorial effect, unless expressly provided for (***Yong Vui Kong v Public Prosecutor*** [2012] 2 SLR 872 at [40] – [41]).

Some examples of Singapore laws and regulations providing for extraterritorial effect include the following:

a. Section 37 of the PCA provides that a Singapore citizen who commits any PCA offence outside Singapore may be dealt with in respect of that offence as if it had been committed within Singapore.
b. Section 4B of the PC provides that certain offences (including criminal breach of trust, cheating, and fraud by false representation, non-disclosure or abuse of position) are deemed to have been committed in Singapore where:
    i. a relevant act occurs entirely or partially in Singapore; and
    ii. the offence involves an intention to make a gain, cause a loss, exposure to a risk of loss, or cause harm to any person in body, mind, reputation, or property, and the gain, loss or harm occurs in Singapore.
c. Section 339 of the SFA provides that a person who does an act partly in and partly outside Singapore which, if done wholly in Singapore, would constitute an offence under the SFA, shall be guilty of the offence as if the act were carried out by them wholly in Singapore.
d. Section 4(3) and (5) of the CDSA provides that the CDSA applies to any "foreign serious offence" and / or any property, whether it is situated in Singapore or elsewhere.

10. Do the authorities commonly cooperate with foreign authorities? If so, under what arrangements?

The Singapore authorities commonly cooperate with their foreign counterparts whether through reciprocal arrangements and/or through various cross-border treaties.

Examples cross-border treaties that have been adopted into domestic legislation include the following:-

a. The Mutual Assistance in Criminal Matters Act ("**MACMA**");
b. The CDSA;
c. Extradition Act (Chapter 103);
d. Terrorism (Suppression of Financing) Act (Chapter 325); and
e. Income Tax Act (Chapter 134) ("**ITA**").

These domestic legislation facilitate transnational:

a. Provision, obtaining and exchange of evidence;
b. Arrangements for persons to give evidence or assist in criminal investigations;
c. Recovery, forfeiture, or confiscation of property in respect of offence; and
d. Execution of requests for search and seizure.

11. What are the rules regarding legal

professional privilege? Does it protect communications from being produced/seized by financial crime authorities?

Privilege generally consists of two forms in Singapore:

a. Legal advice privilege prevents the unauthorised disclosure of confidential communications between a legal professional and his client made for the purpose of seeking legal advice.
b. Litigation privilege protects information and materials created and collected for the dominant purpose of litigation, at a time when there was a reasonable prospect of litigation, including communications between third parties and the legal professional and/or his client

However, any communication, item or document that is made, prepared or held with the intention of furthering an illegal purpose is not covered by privilege, and may be produced / seized by financial crime authorities: see section 128(2)(a) of the EA; **Skandinaviska** at [32].

The procedure applicable to asserting privilege over materials that are seized was recently discussed in **Ravi s/o Madasamy v Attorney-General** [2021] 4 SLR 956 at [82] – [88]. In summary:-

a. a dedicated team within the AGC would be set up to review the seized material (the "privilege team");
b. the party asserting privilege has to identify to the AGC the material that is privileged. The privilege team may accept a claim of privilege at face value or they may review the identified materials to determined if they agree that the materials are privileged;
c. if the privilege team does not accept that the material is indeed privileged, the AGC might turn over the materials to the police for their investigation or to the prosecutorial team;
d. the party may decide whether to insist on their claim to legal privilege and/or take out legal proceedings to prohibit the AGC from turning over the materials to the police for their investigation or to the prosecutorial team.

12. What rights do companies and individuals have in relation to privacy or data protection in the context of a financial crime investigation?

Whilst there are privacy and data protection laws in Singapore, the collection, use and disclosure of personal information and data is generally permitted if it is necessary for investigations or proceedings.

For example, companies and/or banks are not required to seek an individual's consent if the collection, use or disclosure of personal information and data is necessary for such investigation or proceedings (see Part 3 Paragraph 3 of the First Schedule to the Personal Data Protection Act 2012 ("**PDPA**"); s/n 5 of Third Schedule of the Banking Act 1970).

13. Is there a doctrine of successor criminal liability? For instance in mergers and acquisitions?

In a merger and/or acquisition, a successor corporation may potentially attract criminal liability arising from the acts/intentions of its previous shareholders and/or officers, if the principles of attribution are satisfied.

Corporations should thus consider and incorporate the relevant protective representations and warranties in the contractual documents for the merger and/or acquisition.

14. What factors must prosecuting authorities consider when deciding whether to charge?

The Attorney-General has the prosecutorial discretion to charge for any offence. Factors typically considered by the prosecuting authorities include, but are not limited to:

a. The strength of the available evidence and whether it is sufficient to support a reasonable prospect of conviction;
b. The number of offences involved;
c. The nature and severity of the offence(s);
d. Harm caused by the offence(s);
e. Whether there are any public interest / public policy considerations involved; and
f. Any applicable offender-specific aggravating or mitigating circumstances.

15. What is the evidential standard required to secure conviction?

In order to secure a criminal conviction, the Prosecution has to prove its case "*beyond reasonable doubt*".

Where civil penalty enforcement proceedings are brought for market misconduct type offences, the standard of proof is on "a balance of probabilities" (see Section 232 of the SFA).

16. Is there a statute of limitations for criminal matters? If so, are there any exceptions?

There is no universal statute of limitations for criminal matters in Singapore.

The Prosecution is however expected to prosecute a case efficiently, where possible. Any undue delay in prosecution may be a factor taken into consideration by the Courts in calibrating an appropriate sentence on an accused.

17. Are there any mechanisms commonly used to resolve financial crime issues falling short of a prosecution? (E.g. Deferred prosecution agreements, non-prosecution agreements, civil recovery orders, etc.) If yes, what factors are relevant and what approvals are required by the court?

Deferred Prosecution Agreements

In Singapore, a body corporate, limited liability partnership, partnership or unincorporated association can entered into deferred prosecution agreements ("**DPA**"). The DPA regime does not apply to individuals.

Under a DPA, the Prosecution may agree to defer prosecution on specific terms and/or conditions such as an admission of wrongdoing, payment of a financial penalty, the implementation of compliance and/or remedial policies and/or assisting in investigations or the prosecution of other offenders.

After the Prosecution and corporation have agreed on the conditions of the DPA, the DPA must be approved by the Court. To obtain such approval, the DPA must be in the "*interests of justice*" and the specific terms and conditions must be "*fair, reasonable, and proportionate*" (see Section 149F of the CPC).

Warnings and Composition

The authorities may, at their discretion, issue with a warning in lieu of prosecution. Such warnings may either be unconditional or subject to certain conditions being imposed (such as the continued cooperation with the authorities' investigations and/or payment of a financial penalty).

Additionally, certain offences can be compounded. Composition serves as a form of settlement where a certain agreed sum of money is paid either to a designated individual or to the State, following which no further enforcement action will be taken.

18. Is there a mechanism for plea bargaining?

Plea bargaining is a recognised practice in Singapore. Generally, once an accused is charged, a channel of communication can be opened with the AGC with a view of reaching a plea deal. Typically, the first step in plea bargaining process comes in the form of written representations where an accused person, through counsel, would highlight, amongst other things, certain offence and/or offender specific factors to persuade the Prosecution to reduce or amend the charges against the accused.

In the event of an unfavourable outcome to the written representations, the accused can also seek a Criminal Case Management System ("**CCMS**") with the Prosecution where negotiations may continue. Negotiations with the Prosecution may be carried out at any stage of the proceedings and even after Trial has commenced.

19. Is there any requirement or benefit to a corporate for voluntary disclosure to a financial crime authority?

Companies are required to report certain offences to the authorities. The following provisions stipulate some of the offences where voluntary disclosure is mandatory:

a. Schedule 2 of the CDSA
b. S 424 of the CPC
c. S 207 of the CA

Voluntary disclosure and/or self-reporting may be raised as a mitigating factor in the course of plea bargain discussions and/or for the Court's consideration an appropriate sentence to be imposed on the corporate should charges be preferred.

20. What rules or guidelines determine sentencing? Are there any leniency or discount policies? If so, how are these

applied?

In calibrating an appropriate sentence, the Courts will rely on applicable sentencing frameworks and/or guidance provided in legal precedents in determining the offence and/or offender specific factors for each type of offence.

For financial crime, the Courts will typically consider the following factors in determining an appropriate sentence to be imposed:

a. The role of the accused person in the company;
b. The level of sophistication of the offence(s);
c. The ease or difficulty of detection;
d. The harm caused by the offence(s);
e. The duration of which the offence(s) had been ongoing; and
f. Whether the offence(s) were syndicated.

As for leniency or discount policies, the Courts will consider mitigating factors such as (i) whether a plea of guilt had been entered (c.f. as opposed to a claim trial situation); (ii) an accused's remorse; (iii) the existence of restitution and if so, how promptly it had been made; and (iv) any lack of related antecedents, etc.

21. In relation to corporate liability, how are compliance procedures evaluated by the financial crime authorities and how can businesses best protect themselves?

Generally, a company may rely on the existence of adequate compliance and internal controls to show that the acts of an errant employee should not be attributable to it. For example, under section 236C(7) of the SFA, a factor that the authorities would take into account is whether the said company "*has established adequate policies and procedures for the purposes of preventing and detecting market misconduct*".

22. What penalties do the courts typically impose on individuals and corporates in relation to the key offences listed at Q1?

For individuals that are convicted of the key offences at Q1, a term of imprisonment and/or fines are usually imposed by the Courts. As regards to corporate entities that are convicted in respect of the key offences listed at Q1, a fine is typically imposed.

Where corruption cases are involved, a penalty order may also be imposed on the recipient of the corrupt gratification under Section 13 of the PCA in addition to the fines and/or imprisonment terms. The purpose of such penalty orders is to "*disgorge the gratification sum from the corrupt recipient*" and to prevent them "*retaining their ill-gotten gains*": see **Public Prosecutor v Takaaki Masui and anor** [2021] SGCA 119 at [91] and [107].

Insofar as breaches of the SFA are concerned, the offences may attract either civil or criminal sanctions. In terms of civil penalties, the court may order the offender to pay a sum not exceeding three times of the amount of profit gained/loss avoided as a result of the contravention. Where there is no resultant profit/loss, the court may order a penalty of between SGD100,000 and SGD2 million (for corporate offenders), and between SGD50,000 and SGD2 million (for individual offenders) (Section 232 of the SFA).

23. What rights of appeal are there?

Accused persons convicted and sentenced in the State Courts of the Republic of Singapore ("**State Courts**") have an automatic right to appeal to the General Division of the High Court ("**General Division**"). Such appeals are termed Magistrate's Appeals.

A Magistrate's Appeal can be filed against conviction and/or sentence (in the case of conviction after a trial), or only the extent of his sentence (where the accused pleads guilty).

The decision of the General Division in a Magistrate's Appeal is final, and there is no further right of appeal. However, in certain circumstances, an accused may apply for leave with the Court of Appeal to refer any question of law of public interest which has arisen in the matter to the Court of Appeal. Leave is not required when the Public Prosecutor refers any question of public interest to the Court of Appeal.

Separately, an accused person who has been convicted and sentenced in the General Division of the High Court at first instance may appeal against his conviction and/or sentence (in the case of conviction after a trial), or only the extent of his sentence (where the accused pleads guilty) to the Court of Appeal.

24. How active are the authorities in tackling financial crime?

In the past few years, CPIB and CAD have been actively investigating and prosecuting corruption and market misconduct offences.

On 17 March 2015, CAD and MAS launched the CAD-MAS Joint Investigations Arrangement under which the agencies collaborate to co-investigate market misconduct offences such as market manipulation and insider trading activities.

Additionally, the past few years has also seen a significant increase in fraudulent scam related cases which have affected thousands of victims and involved millions of dollars. An Anti-Scam Centre ("**ASC**") was set up on 18 June 2019 as part of the authorities' efforts in fighting scams. Since its inception, the ASC has frozen more than 27,000 bank accounts and recovered more than SGD 200 million.

25. In the last 5 years, have you seen any trends or focus on particular types of offences, sectors and/or industries?

We have seen an increase in cross-border financial crimes over the past few years involving, *amongst other things*, corruption, money laundering and/or fraud. This has resulted in cross-borders investigations being conducted and/or active international cooperation and exchange of information between the Singapore's local authorities and their foreign counterparts.

We have also in recent years seen an increase in prosecutions involving public and private sector corruption. This is especially since Singapore is recognised around the world for its zero-tolerance stance on bribery and corruption. In addition, there has been an increase in investigations and enforcement actions being taken in respect market misconduct offences involving market manipulation, insider trading and/or false trading.

26. Have there been any landmark or notable cases, investigations or developments in the past year?

Fraud and Asset recovery

On 3 February 2022, the Appellate Division of the High Court released its decision in **POA Recovery Pte Ltd v Yau Kwok Seng** and others [2022] 1 SLR 1165 ("**POA**"). The case was a multifaceted cross-border dispute involving Canadian crude oil investments. More than 1,100 investors across multiple jurisdictions in Asia collectively utilized a shell company ("**POA Recovery**") and sued the defendants for more than S$90 million for fraud, misrepresentations, conspiracy and/or breach of trust and fiduciary duties.

The Appellate Division dismissed the appeal and found, *inter alia*, that the Plaintiff had failed to prove that the investment scheme was a Ponzi scheme as it bore 3 key features of the investment – i.e. oil, profits and security.

A novel issue that arose was whether the investors could assign their rights to POA Recovery to bring claims against the defendants. The Appellate Division held that the Investors could assign their claims to the special purpose vehicle for access to the Singapore Courts such that the consolidated claims were brought as a single high-value claim. Such an "*assignment structure*" may be viewed as a modern-day alternative to a representative action that would promote efficiency in the administration of justice. It would also obviate the need for the cumbersome task of filing hundreds, if not thousands of separate writs pending consolidation, thus easing the strain on litigants and the courts (at [90]).

Moving forward, the Appellate Division's findings above would have significant impact on fraud litigation, asset recovery and collective action in Singapore.

Market misconduct and cheating

On 5 May 2022, the Singapore Court convicted two persons, John Soh Chee Wen ("**Soh**"), a prominent Malaysian businessman and Quah Su-ling ("**Quah**"), former CEO of Singapore Exchange listed IPCO International Ltd, in what was termed by Prosecutors as "the most serious" case of market manipulation in Singapore. The case involved the 2013 penny stock crash of 3 companies namely, Blumont Group Ltd, Asiasons Capital Ltd and LionGold Corp Ltd (collectively "**BAL**").

After a trial spanning close to 200 days, Soh and Quah were convicted of 180 and 169 charges respectively for criminal conspiracy, false trading, market manipulation, deception and cheating. The accused persons used a network of trading accounts to trade BAL shares amongst one another to generate artificial liquidity and demand for the shares caused the stocks to surge by at least 800% in 9 months before crashing in October 2013 within a span of a few days. Their actions resulted in SGD8 billion in market capitalisation being wiped from the Singapore Exchange.

The accused persons will be sentenced at a later date.

27. Are there any planned developments to the legal, regulatory and/or enforcement framework?

On 5 April 2022, the Financial Services and Markets Bill 2022 ("**FSM Bill**") was passed in Parliament to introduce an omnibus legislation to enhance MAS' regulatory and

enforcement framework across the financial sector.

With the passing of the FSM Bill, there will also be an enhanced regulation of Virtual Asset Service Providers ("**VASP**") for Money Laundering and Terrorist Financing Risks. Currently, digital token ("**DT**") service providers created in Singapore but who do not provide any DT services in Singapore are unregulated for anti-money laundering ("**AML**") and/or countering the financing of terrorism ("**CFT**").

The FSM Bill will thus plug the gap by requiring DT providers to be licensed and subject to Singapore's AML and CFT requirements. Once the new legislation comes into force, MAS will be empowered to conduct inspections and/or transmit information it obtains from an inspection to a corresponding authority of a foreign country.

Separately, the FSM Bill will also provide the authorities with broader powers to issue prohibition orders ("**PO**") against persons "*who have shown themselves to be unfit to perform key roles, activities and functions in the financial industry*." Such POs will bar individuals from conducting certain activities or from holding key roles in financial institutions for a period of time in cases where they have committed serious misconduct. This will also serve as a deterrence against misconduct and preserve trust in Singapore's financial sector.

28. Are there any gaps or areas for improvement in the financial crime legal framework?

Presently, financial institutions are unable to warn each other about unusual activity in their respective customers' accounts. Bad actors commonly abuse and exploit this gap by incorporating multiple shell companies and opening various bank accounts with different financial institutions to launder illicit proceeds of their criminal activity.

On 1 October 2021, MAS announced that it will introduce a digital platform named COSMIC (Collaborative Sharing of Money Laundering and Terrorism Financing) that will enable financial institutions to securely share information on their customers and/or transactions where certain materiality thresholds are crossed.

COSMIC is scheduled to go live in the first half of 2023 for 6 initial participating banks and will initially focus on 3 financial crime risks in commercial banking namely (a) abuse of shell companies, (b) misuse of trade finance for illicit purpose and (c) proliferation financing.

The benefits of COSMIC are potentially significant and far-reaching in tackling a large segment of financial crime. The fact that financial crime transcends any physical boundaries accentuates the need for a legal framework to regulate information sharing by financial institutions in a secure manner in order to plug the proverbial gaps presently exploited by criminals. The ultimate success of COSMIC will however require its coverage to include more financial institutions and cover more focus areas. Subject to policy considerations, the sharing of information, if made mandatory, would also go a long way in combatting such financial crime.

Contributors

Melanie Ho
Deputy Head
melanie.ho@wongpartnership.com

Tang Shangwei
Partner
shangwei.tang@wongpartnership.com