Published on e-First 27 November 2026

A TALE OF GATEKEEPERS AND SOVEREIGNS: THE SINGAPORE SANCTIONS REGIME

This article examines Singapore's sanctions framework as both a United Nations Member State and as a leading international financial centre. Singapore's sanctions regime is founded on domestic legislation that gives effect to United Nations Security Council decisions, supported by regulatory requirements imposed by the Monetary Authority of Singapore. While unilateral sanctions imposed by the United States, United Kingdom and the European Union are not directly incorporated under Singapore law, the practical influence of these unilateral sanctions is substantial due to Singapore banks' exposure to global financial markets giving rise to the "highest common denominator" approach amongst Singapore banks. Recent judicial decisions, including *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 (HC); [2023] 2 SLR 389 (CA), demonstrate how Singapore courts balance contractual sanctions clauses, commercial realities and foreign sanctions risks, highlighting the intersection between domestic legal obligations and international compliance practicalities.

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I. Introduction

1 Singapore occupies a distinctive position in the international sanctions landscape, owing to its strategic geographic location along the Straits of Malacca. As a small, open economy with one of the world's busiest ports and a leading international financial centre and wealth management hub, Singapore is deeply embedded in global trade and capital flows. This exposure makes the integrity of its sanctions regime a matter not merely of domestic legal compliance, but of global commercial significance. At the same time, Singapore values its foreign policy autonomy, and its sanctions architecture reflects a carefully

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calibrated choice to anchor binding legal obligations in the multilateral framework of the United Nations Security Council ("UNSC"), rather than in the unilateral measures promulgated by individual major powers.

2 Yet, formal legal boundaries tell only part of the story. The practical reach of foreign sanctions imposed by major sanctions regulators or sovereigns – in particular those of the US Department of the Treasury's Office of Foreign Assets Control ("US OFAC"), the UK HM Treasury's Office of Financial Sanctions Implementation ("UK OFSI"), and the European Union ("EU") – extends into Singapore through the commercial behaviour of private actors, most notably its three major local banks which are all listed on the Singapore Stock Exchange: DBS Bank Ltd ("DBS"), OCBC Bank Ltd ("OCBC"), and United Overseas Bank Ltd ("UOB"). These institutions, by virtue of their exposure to US dollar clearing, international correspondent banking relationships, and global capital markets, have constructed compliance frameworks that go well beyond Singapore's domestic legal requirements. In doing so, they serve as *de facto* transmission mechanisms for foreign sanctions within the Singapore financial system, even in the absence of any domestic legal mandate to do so within the boundaries of Singapore's legal and regulatory framework.

3 This article examines Singapore's sanctions regime from two complementary vantage points. First, it surveys the domestic legal framework through which Singapore implements its UN obligations, encompassing the United Nations Act 2001[1] ("UN Act"), the Financial Services and Markets Act 2022[2] ("FSMA"), the Terrorism (Suppression of Financing) Act 2002[3] ("TSOFA") and the targeted autonomous measures adopted in response to Russia's invasion of Ukraine and the West Bank conflict between Palestine and Israel. Second, it examines how the three major local banks have constructed group-wide sanctions compliance frameworks that integrate both Singapore's domestic obligations and risk-based adherence to key foreign regimes, and the tensions this creates between regulatory compliance and commercial certainty. In doing so, the article seeks to address two questions which the existing literature has largely left unanswered: why the sanctions regimes of the US, the EU and the UK, rather than those of the many other States which now maintain autonomous measures, have emerged as the operative benchmark; and whether the exclusionary consequences of that benchmark are, as a matter of Singapore law, constrained at all. The article then turns to the judicial treatment of sanctions clauses in Singapore contract law, analysing the

1 2020 Rev Ed.
2 Act 18 of 2022.
3 2020 Rev Ed.

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decisions of the General Division of the High Court ("General Division") and the Court of Appeal in *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA*[4] (respectively, "*Kuvera (HC)*" and "*Kuvera (CA)*", and collectively "*Kuvera*")) which illuminate how Singapore courts navigate the intersection of private law and extraterritorial sanctions risk. The article concludes by situating Singapore's experience within the broader tension between foreign policy autonomy and the commercial imperatives of a globalised financial centre and by identifying the operational consequences for the financial institutions ("FIs") which must balance and reconcile the two.

II. Singapore's domestic sanctions regime

4 As a Member State of the United Nations ("UN"), Singapore is obligated under the United Nations Charter[5] ("UN Charter") to give effect to the United Nations Security Council Resolutions ("UNSCRs"). The UNSC is the central organ empowered to impose sanctions under international law, exercising this mandate pursuant to Ch VII of the UN Charter to address threats to international peace and security.[6] Sanctions adopted by the UNSC respond to situations such as armed conflict, terrorism, and the proliferation of weapons of mass destruction, and may take the form of arms embargoes, travel bans, asset freezes, or commodity-specific restrictions.[7]

5 Notwithstanding this broad mandate, the UNSC possesses no independent enforcement apparatus of its own: it has no police force, no revenue authority, and no power to impose penalties directly upon private persons. The effectiveness of its sanctions is therefore contingent, in the first instance, upon implementation by Member States through their respective domestic legal systems. Singapore's compliance with the UN sanctions reflects adherence to its international legal obligations and underscores its commitment to the maintenance of international peace and security. While the Constitution of Singapore does not explicitly define the relationship between international law and domestic law, it is trite that Singapore subscribes to the dualist position.[8] Singapore does not treat international obligations as self-executing. The practical effect of this is that international obligations create no domestic legal rights or duties unless and until

4 [2022] SGHC 213 (HC); [2023] 2 SLR 389 (CA).
5 26 June 1945.
6 UN Charter (26 June 1945) art 39.
7 United Nations Security Council, "Sanctions" <https://main.un.org/securitycouncil/en/sanctions/information> (accessed 3 November 2026).
8 *Yong Vui Kong v Public Prosecutor* [2015] 2 SLR 1129 at [29].

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they are transposed into domestic law through legislative enactment.[9] Such a position is grounded in the constitutional separation of powers: the power to enter into treaties is generally accepted to reside with the Executive, which allows the State to conclude treaties without prior legislative approval.[10] Treating treaties as self-executing would consequently permit the Executive to undermine Parliament's exclusive legislative function. Accordingly, UNSC sanctions acquire domestic legal force in Singapore only through statutory instruments enacted for that purpose.

6 Nevertheless, it would be inaccurate to say that the UNSC is without means of responding to non-compliance or sanctions evasion. First, the UNSC can address non-compliance with further measures adopted under Ch VII of the UN Charter. For example, the UNSC responded to successive violations of the Democratic People's Republic of Korea ("DPRK") regime between 2006 and 2017 by progressively broadening the measures first imposed under Resolution 1718 (2006),[11] culminating in the sectoral caps and prohibitions in Resolutions 2371 (2017),[12] 2375 (2017)[13] and 2397 (2017).[14] Second, there are UN sanctions regimes that make sanctions evasion itself a ground for designation: the UNSC extended the designation regime via Resolution 2094 (2013)[15] to individuals and entities assisting in sanctions evasion or violating the provisions of the relevant resolutions. Third, the UN sanctions committees are supported by panels of experts whose public reports (*eg,* UN Panel of Experts reports on the DPRK) identify non-compliant States, entities, vessels and individuals.

7 More importantly, the underlying UN obligations are not merely exhortatory. Article 25 of the UN Charter binds Member States to accept and carry out the decisions of the UNSC, and art 103 accords those obligations priority over conflicting treaty obligations. The accurate proposition is therefore not that UN sanctions are unenforceable, but that their enforcement against private actors is necessarily mediated by domestic law, which is precisely the feature that gives the domestic implementing architecture examined below its significance.

9 *Public Prosecutor v Tan Cheng Yew* [2013] 1 SLR 1095 at [56].
10 *Yong Vui Kong v Public Prosecutor* [2015] 2 SLR 1129 at [45].
11 SC Res 1718, UN SCOR, 5551st mtg, UN Doc S/RES/1718 (2006) (14 October 2006).
12 SC Res 2371, UN SCOR, 8019th mtg, UN Doc S/RES/2371 (2017) (5 August 2017).
13 SC Res 2375, UN SCOR, 8042nd mtg, UN Doc S/RES/2375 (2017) (11 September 2017).
14 SC Res 2397, UN SCOR, 8151st mtg, UN Doc S/RES/2397 (2017) (22 December 2017).
15 SC Res 2094, UN SCOR, 6932nd mtg, UN Doc S/RES/2094 (2013) (7 March 2013).

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8 Reflecting this dualist foundation, Singapore's sanctions framework operates through a bifurcated architecture that distinguishes between financial and non-financial actors. First, sanctions applicable to non-FIs and natural persons are implemented through regulations promulgated under the UN Act. In contrast, FIs are regulated under the FSMA, which empowers the Monetary Authority of Singapore ("MAS") to issue binding directions and notices on the financial sector. Complementing these mechanisms, the TSOFA imposes prohibitions on dealings with persons and entities designated as terrorists by either the UNSC or the Singapore Government.

9 Through the issuance of notices and guidelines, the MAS imposes compliance obligations on FIs to screen against relevant UN and Singapore designations, freeze the assets of designated persons and entities, and report relevant transactions, thereby facilitating timely and effective implementation of sanctions measures. In particular, prior to entering into a business relationship or providing any financial service, FIs are required to ensure that they do not deal with designated individuals or entities as defined in the respective regulations promulgated pursuant to s 192, read with ss 15(1)(*b*) and 219(*d*), of the FSMA ("FSM Regulations"). This obligation is operationalised through customer and counter-party screening measures, which extend to beneficial owners and other relevant connected persons. MAS Notice 626,[16] which applies to all FIs in Singapore, is especially significant in this regard. Paragraph 6.39 of the MAS Notice 626 requires banks to screen customers, persons appointed to act on their behalf, connected parties, and beneficial owners against relevant money laundering and terrorism financing information sources, as well as lists and information provided by the MAS or other relevant Singapore authorities, for the purposes of identifying any money laundering or terrorism financing risks associated with the customer.[17]

10 In recent years, Singapore has demonstrated its willingness, albeit in limited circumstances, to adopt targeted autonomous financial measures alongside its implementation of UNSC obligations. Following Russia's invasion of Ukraine and the West Bank conflict between Palestine and Israel, the MAS imposed targeted financial sanctions in respect of Russia and Israeli settlers respectively. These measures apply to FIs in Singapore and operate alongside Singapore's implementation of binding UNSC sanctions within its domestic regulatory framework.

16 Monetary Authority of Singapore, "MAS Notice 626: Prevention of Money Laundering and Countering the Financing of Terrorism – Banks" (28 March 2024) <https://www.mas.gov.sg/regulation/notices/notice-626> (accessed 3 November 2026).

17 *International Comparative Legal Guides – Sanctions 2023* (Roberto J Gonzalez & Joshua R Thompson eds) (Global Legal Group Ltd, 4th Ed, 2022) at para 3.5.

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A. UN Act

11 For non-FIs and natural persons in Singapore, sanctions compliance is enforced through the UN Act and regulations promulgated thereunder. Enacted in 2001 to enable Singapore to discharge its obligations under art 41 of the UN Charter, the UN Act provides the statutory basis for the domestic implementation of measures mandated by the UNSC.[18] Article 41 authorises measures not involving the use of armed force – including economic sanctions, arms embargoes, and financial restrictions – directed at addressing threats to international peace and security.[19] Pursuant to the UN Act, the Minister is empowered to promulgate regulations to give legal effect to UNSC decisions adopted under art 41,[20] thereby operationalising Singapore's international obligations within its domestic legal framework.

12 In exercise of these powers, Singapore has implemented a range of regulations to comply with the various UNSCRs, including counter-terrorism measures and targeted financial sanctions. The United Nations (Anti-terrorism Measures) Regulations prohibit persons in Singapore from providing support to terrorists, supplying arms, or disseminating false or misleading information relating to terrorist activities. In respect of targeted financial sanctions, Singapore has enacted a suite of country-specific regulations prohibiting dealings with designated individuals and entities identified under the relevant UNSCRs. At present, these regulations apply in respect of, *inter alia*, Iran, the DPRK, Haiti, Somalia, Libya, Sudan and Yemen.

13 The key prohibitions include:[21]

(a) prohibitions on dealing with the property of designated persons; and

(b) prohibitions on the provision of resources and services for their benefit.

14 Under s 5(1) of the UN Act, a person who contravenes any regulation made under the Act will be liable, on conviction, to a fine not exceeding S$500,000 and/or imprisonment for a term not exceeding ten years where the offence is committed by an individual; and a fine not exceeding S$1m where the offence is committed by a non-natural person.

18 Preamble of the United Nations Act 2001 (2020 Rev Ed).
19 UN Charter (26 June 1945) art 41.
20 United Nations Act 2001 (2020 Rev Ed) s 2(1).
21 Monetary Authority of Singapore, "Targeted Financial Sanctions" <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions#_for-non-fis-and-natural-persons-in-singapore> (accessed 3 November 2026).

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Notably, the UN Act applies to conduct occurring within Singapore and also provides for extraterritorial application. Pursuant to s 6(1) of the UN Act, its provisions extend to all Singapore citizens, whether outside or within Singapore, thereby ensuring that Singapore's obligations under UNSC sanctions are not circumvented through overseas activities.

B. Financial Services and Markets Act 2022

15 For FIs in Singapore, sanctions compliance is principally enforced through the FSMA. Targeted financial sanctions arising under the UNSCRs are given domestic legal effect by the MAS through the FSM Regulations.[22] In particular, s 15(1)(*b*) empowers the MAS to make regulations concerning FIs in order to give effect to decisions by the UNSC.[23] The FSM Regulations apply to all FIs in Singapore (including banks, finance companies, insurers, financial advisers, payment service providers and digital payment token service providers).[24]

16 With effect from 28 April 2023, sanctions requirements on FIs were consolidated under the FSMA, following their transfer from the Monetary Authority of Singapore Act 1970[25] ("MAS Act"). The FSMA operates as an omnibus, sector-wide statute governing financial services and markets in Singapore, reflecting a structural shift towards a more unified and coherent regulatory framework for sanctions compliance within the financial sector.[26]

17 The FSM Regulations impose a range of core obligations on FIs. These include:[27]

> (a) the immediate freezing of funds, financial assets or economic resources of designated individuals and entities;[28]

22 Monetary Authority of Singapore, "Targeted Financial Sanctions" <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions#_for-non-fis-and-natural-persons-in-singapore> (accessed 3 November 2026).
23 Financial Services and Markets Act 2022 (Act 18 of 2022) s 15(1)(*b*).
24 Financial Services and Markets Act 2022 (Act 18 of 2022) s 2.
25 2020 Rev Ed.
26 Monetary Authority of Singapore, "Financial Services and Markets Act 2022" (10 May 2024) <https://www.mas.gov.sg/regulation/acts/financial-services-and-markets-act-2022> (accessed 3 November 2026).
27 Monetary Authority of Singapore, "Targeted Financial Sanctions" <https://www.mas.gov.sg/regulation/anti-money-laundering/targeted-financial-sanctions#_for-non-fis-and-natural-persons-in-singapore> (accessed 3 November 2026).
28 For example, see regs 13 and 15 of the Financial Services and Markets (Sanctions and Freezing of Assets of Persons – Democratic People's Republic of Korea) Regulations 2023.

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(b) prohibitions on entering into financial transactions or providing financial assistance or services in relation to (i) designated individuals or entities; or (ii) sanctioned activities such as proliferation financing;[29] and

(c) mandatory reporting obligations requiring FIs to notify the MAS of any information relating to assets owned or controlled by designated individuals or entities.

18 Non-compliance with the FSM Regulations attracts criminal liability. Under s 16(4) of the FSMA, an FI that contravenes any provision of the FSM Regulations is liable, upon conviction, to a fine not exceeding S$1m. Where the offence is a continuing one, a further fine of up to S$100,000 may be imposed for each day or part thereof during which the offence continues after conviction.

C. Terrorism (Suppression of Financing) Act 2002

19 In addition to the UN Act and the FSMA, sanctions compliance in Singapore is further reinforced through the TSOFA, which applies broadly to FIs, non-FIs, and individuals. Enacted to give effect to Singapore's obligations under the International Convention for the Suppression of the Financing of Terrorism,[30] the TSOFA constitutes the primary domestic legislative framework for suppressing the financing of terrorist activities.

20 The TSOFA criminalises a wide range of conduct associated with terrorism financing. At its core, s 3 prohibits the provision and collection of property to commit terrorist acts. Section 4 criminalises acts which: (a) provide or arrange funds, assets; services or financial facilities linked to terrorism; (b) benefit persons/entities engaged in terrorism; or (c) support foreign travel for terrorist training. Section 5 further extends criminal liability to the use of property to facilitate or carry out a terrorist act, as well as to the possession of property where the person intends, or has reasonable grounds to believe, that such property will be used for terrorist purposes.

21 In addition to these substantive offences, the TSOFA imposes asset-freezing obligations. Under s 6, FIs are required to freeze funds and other assets owned or controlled, directly or indirectly, by terrorists or

29 For example, see regs 6 and 7 of the Financial Services and Markets (Sanctions and Freezing of Assets of Persons – Democratic People's Republic of Korea) Regulations 2023.

30 2178 UNTS 197, 39 ILM 270 (entered into force 10 April 2002).

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terrorist entities, and are prohibited from providing financial services or conducting transactions for their benefit or at their direction. Part 4 of the TSOFA further empowers enforcement agencies to seize, freeze and confiscate terrorist property.

22 Breaches of ss 3 to 6 of the TSOFA attract significant criminal penalties. Upon conviction, an individual offender is liable to a fine not exceeding S$500,000, or imprisonment for a term not exceeding ten years, or to both. In other cases, offenders may be liable to a fine not exceeding the higher of (a) S$1m or (ii) twice the value of the property, (including funds derived or generated from the property), financial services or other related services, or financial transaction involved.

23 Importantly, s 8 of the TSOFA imposes a mandatory reporting obligation with extraterritorial reach. Every person in Singapore, as well as every Singapore citizen outside Singapore, is required to inform the police without delay if they have information relating to any transaction, or proposed transaction, involving property, funds, or other assets belonging to a terrorist or terrorist entity. This is in addition to the reporting duty imposed by s 45 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992,[31] which mandates a duty to report information on property which is reasonably suspected to be associated with "criminal conduct" to the Suspicious Transaction Reporting Office. Here, "criminal conduct" includes contravention of the TSOFA, and the sanctions regulations established under the UN Act and the MAS Act.

D. Financial measures in relation to Russia (MAS Notices SNR-N01 and SNR-N-02)

24 Alongside the implementation of its UN-mandated sanctions obligations, Singapore also adopts targeted autonomous sanctions. In condemnation of Russia's invasion of Ukraine in 2022, Singapore imposed appropriate sanctions and restrictions against Russia, which are meant to constrain Russia's capacity to conduct war against Ukraine and undermine its sovereignty.[32] Although Singapore does not maintain a general legislative framework for autonomous sanctions, the MAS has issued three notices that are legally binding on all FIs in Singapore (including banks, finance companies, insurers, capital markets

31 2020 Rev Ed.

32 Ministry of Foreign Affairs, "Sanctions and Restrictions Against Russia in Response to its Invasion of Ukraine", press release (5 March 2022) <https://www.mfa.gov.sg/newsroom/press-statements-transcripts-and-photos/20220305-sanctions-05-mar-2022/> (accessed 3 November 2026).

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intermediaries, securities exchanges, and payment service providers).[33] The sanctions imposed in relation to Russia were originally issued pursuant to the then-s 27(1) of the MAS Act. Section 27(1) of the MAS Act is an empowering provision that enables the MAS to issue directions to FIs if it deems them necessary in the public interest.[34] Following the repeal of the provision, these sanctions continue to have effect pursuant to the saving provisions contained in s 219 of the FSMA.[35]

25 MAS Notice SNR-N01[36] sets out the financial measures imposed in relation to Russia, which are targeted at designated Russian banks, entities and activities in Russia, and fundraising activities benefiting the Russian government. First, FIs must not, directly or indirectly:[37]

> (a) establish business relations with or undertake any financial transaction for;
>
> (b) enter into any financial transaction with;
>
> (c) provide, or facilitate or procure the provision of, any financial assistance or service (including but not limited to the granting of export credits, guarantees, insurance or re-insurance) to; or transfer any financial assets or resources, or other assets or resources, to,
>
> any Designated Bank or Designated Entity.

26 At present, there are four "Designated Banks" subject to the sanctions.[38] On the other hand, "Designated Entities" refer to entities that supply to Russia specific export-controlled items prescribed under the Strategic Goods (Control) Order 2021, such as military goods or dual-use goods falling within the categories of electronics, computers or telecommunications and information security.[39] Second and relatedly, FIs are required to immediately freeze all funds, financial assets or economic resources that are owned or controlled, directly or indirectly, by a "Designated Bank" or "Designated Entity", and ensure that such

33 Monetary Authority of Singapore, "Financial Measures in Relation to Russia" (26 February 2026) <https://www.mas.gov.sg/regulation/notices/notice-snr-n01-1> (accessed 3 November 2026).
34 Monetary Authority of Singapore Act 1970 (2020 Rev Ed) s 27(1).
35 Financial Services and Markets Act 2022 (Act 18 of 2022) s 219.
36 Monetary Authority of Singapore, "MAS Notice SNR-N01: Financial Measures in Relation to Russia" (30 June 2025) <https://www.mas.gov.sg/-/media/mas-media-library/regulation/anti-money-laundering/targeted-financial-sanctions/mas-notice-snrn01-26-feb-2026-untracked-version.pdf> (accessed 3 November 2026) ("MAS Notice SNR-01").
37 MAS Notice SNR-01 at para 3.1.
38 MAS Notice SNR-01, Annex A.
39 MAS Notice SNR-01 at paras 4(i) and 4(ii).

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funds, financial assets or economic resources are not made available for the benefit of any "Designated Bank" or "Designated Entity".[40]

27 Third, FIs must not, directly or indirectly, enter into financial transactions, provide or facilitate or procure the provision of financial assistance or services, or transfer any financial assets to any person in relation to the supply of certain export-controlled items (including dual-use goods falling within the categories of electronics, computers, telecommunications and military goods) from Singapore or any other jurisdiction to Russia.[41] Fourth, FIs are prohibited from entering into financial transactions or providing financial assistance or services in relation to the raising of new funds with respect to the Russian Government, the Central Bank of the Russian Federation or any legal persons owned or controlled by the Russian Government or the Central Bank of the Russian Federation.[42] Fifth, FIs are prohibited from entering into financial transactions or providing financial assistance or services relating to the sale, transfer or export of goods or technology relating to specific sectors in Donetsk or Luhansk.[43] These specific sectors are transport, telecommunications, energy, oil, gas and mineral resources. Sixth, FIs must not enter into or facilitate any digital payment token transaction where the proceeds or benefits from such transaction may be used to facilitate any of the transactions or activities prohibited in paras 3–6 of the MAS Notice SNR-N01.[44] Once again, MAS Notice SNR-N01 imposes a mandatory reporting obligation, whereby FIs are required to immediately notify the MAS if they have knowledge of any prohibited or proposed transaction, or have possession, custody, control, or relevant information concerning funds, financial assets, or economic resources owned or controlled, directly or indirectly, by any "Designated Bank" or "Designated Entity".[45]

28 MAS Notice SNR-N02[46] delineates the scope of exceptions to the prohibition against dealing with and the freezing of assets of "Designated Banks" and "Designated Entities" under MAS Notice SNR-N01. Paragraph 3 of the MAS Notice SNR-N02 does not apply to an FI that processes or facilitates payments or transfers of funds, financial assets

40 MAS Notice SNR-01 at para 3.2.
41 MAS Notice SNR-01 at para 4.
42 MAS Notice SNR-01 at para 5.
43 MAS Notice SNR-01 at para 6.
44 MAS Notice SNR-01 at para 7.
45 MAS Notice SNR-01 at para 9.
46 Monetary Authority of Singapore, "MAS Notice SNR-N02: Financial Measures in Relation to Russia – Non-prohibited Payments and Transactions" (30 June 2025) <https://www.mas.gov.sg/-/media/amld-amendments---30-june-2025/mas-notice-snr-n02.pdf> (accessed 3 November 2026) ("MAS Notice SNR-02")

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or economic resources, where such transactions are necessary to meet specified permitted expenses of a "Designated Bank" or "Designated Entity".[47] These include payments required for basic operational and regulatory needs – such as insurance premiums, employee remuneration and statutory contributions, taxes, rent, mortgage obligations, utilities, telecommunications, property management or technology services – as well as expenses necessary for regulatory compliance.[48] The prohibition likewise does not apply to payments made exclusively for routine charges associated with the holding or maintenance of frozen assets, or for reasonable professional fees and related expenses incurred for audit, tax, legal, or payroll services.[49]

29 FIs are also permitted to process certain limited categories of transactions involving one or more sanctioned banks.[50] These include transactions necessary to facilitate the withdrawal of funds, financial assets, or economic resources by a person who is not a sanctioned bank, where such withdrawal arises from the termination of an existing business relationship with the sanctioned bank.[51] Transactions involving funds or assets required for the performance of the official functions of the Embassy of the Russian Federation in Singapore are likewise permitted.[52]

30 Any FI engaging in activities within these permitted categories must maintain accurate, complete and legible records of all activities conducted pursuant to MAS Notice SNR-N02.[53]

E. MAS Notice SNR-N03: Financial measures in relation to violent Israeli settlers

31 Singapore has also imposed targeted sanctions on four Israeli individuals for their involvement in acts of violence against Palestinians in the West Bank. According to the Press Statement released by the Singapore Ministry of Foreign Affairs dated 21 November 2025, these four designated individuals "have been involved in egregious acts of extremist violence against Palestinians in the West Bank" and their "actions are unlawful and undermine and jeopardise prospects for a two-State solution" between Israel and Palestine. These targeted sanctions include financial measures which apply to all FIs in Singapore.

47 MAS Notice SNR-02 at para 3.
48 MAS Notice SNR-02 at para 3(a).
49 MAS Notice SNR-02 at para 3(b).
50 MAS Notice SNR-02 at para 4.1.
51 MAS Notice SNR-02 at para 4.2(a).
52 MAS Notice SNR-02 at para 4.2(b).
53 MAS Notice SNR-02 at para 5.

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FIs in Singapore are prohibited from transferring funds, providing services, or doing business with these individuals. Banks are also required to freeze any assets held by these four designated Israeli settlers.[54]

III. Architecture of the implementing instruments: why not an omnibus mechanism?

32 A structural feature of Singapore's implementation of the UNSC obligations into domestic law deserves exploration. Rather than enacting a single omnibus instrument giving effect to all present and future UNSC sanctions/resolutions, Singapore promulgates a discrete set of regulations for each country-specific sanctions regime and each thematic regime, amending them as the Council's measures change. The same architectural pattern is repeated on the financial side, where the FSM Regulations imposed on Singapore's FIs are made regime by regime. At first, this model appears cumbersome as it requires legislative efforts each time the UNSC decides. Why not an omnibus mechanism?

33 This article explores three arguments against an omnibus mechanism.

34 First, UNSC measures differ materially in scope and in form, and cannot be reduced to a common template. An asset freeze, an arms embargo, a cap upon refined petroleum imports, a prohibition upon joint ventures with the banks of a particular state, a ban upon the employment of a State's nationals, a duty to inspect cargo, the designation of individual vessels coupled with obligations to deny port entry and bunkering, and a standing humanitarian carve-out are not variations upon a single prohibition. These UNSC measures impose different obligations upon different classes of persons, require different exceptions and licensing arrangements, and engage different Singapore agencies. An omnibus instrument capable of accommodating all of them in advance would either be drafted at so high a level of generality as to be unworkable, or would in substance replicate the existing regime-by-regime structure within a single document.

35 The second reason is constitutional and it follows directly from the dualist premise set out above. Contravention of a regulation under Singapore's UN Act is a criminal offence punishable, in the case of an individual, by a fine of up to S$500,000 or imprisonment for up

54 Ministry of Foreign Affairs, "Targeted Sanctions on Violent Israeli Settlers", press release (21 November 2025) <https://www.mfa.gov.sg/newsroom/press-statements-transcripts-and-photos/targeted-sanctions-on-violent-israeli-settlers/> (accessed 3 November 2026).

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to ten years.[55] An omnibus Singapore legislation conferring automatic domestic effect upon future decisions of the UNSC would therefore delegate the definition of Singapore criminal offences to an external body which is not answerable to the Singapore Parliament, whose decisions are the product of political negotiation among 15 UNSC States, and whose listing procedures may not conform to the standards of formality and procedural fairness that Singapore law applies to the imposition of penal consequences. This may be precisely why Singapore embraces dualism toward international obligations and adopts a regime-by-regime model. This preserves the interposition of a domestic legislative act and parliamentary scrutiny for drafting adapting to Singapore conditions, and for the framing of appropriate exceptions at the point of incorporation.

36 Lastly, Singapore's approach in this respect is orthodox and supported by state practice. Australia implements UNSC measures through regime-specific regulations under the Charter of the United Nations Act 1945.[56] Canada does the same under its United Nations Act;[57] and the UK, since its departure from the EU, legislates regime by regime under the Sanctions and Anti-Money Laundering Act 2018.[58]

IV. Singapore banks' sanctions compliance framework

37 While the foregoing sections describe Singapore's formal domestic sanctions architecture, an accurate account of how sanctions operate within Singapore's financial system must also attend to the compliance frameworks of its major local banks. DBS, OCBC, and UOB collectively occupy a central position in Singapore's financial ecosystem and across the broader ASEAN region. Their sanctions policies illustrate, in concrete institutional terms, how foreign unilateral sanctions – particularly those of the US – achieve practical reach within Singapore through private commercial actors, even absent any domestic legal compulsion.

38 As a brief overview, the US OFAC:[59]

> … administers and enforces economic sanctions against targeted foreign jurisdictions and regimes, as well as individuals and entities engaging in

55 United Nations Act 2001 (2020 Rev Ed) s 5(1).
56 Cth.
57 RSC 1985, c U-2 (Can).
58 c 13 (UK).
59 US Department of Treasury, Office of Foreign Assets Control, "Introduction to the Office of Foreign Assets Control" (1 June 2026) ("Introduction to the Office of Foreign Assets Control") <https://ofac.treasury.gov/media/935656/download?inline> (accessed 3 November 2026) at p 3.

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> harmful activity, such as terrorists, international narcotics traffickers, weapons of mass destruction proliferators, and others in response to threats to the national security, foreign policy, or economy of the United States [of America].

39 The UK OFSI and the EU perform a similar function to achieve their respective foreign policy objectives.

40 The US OFAC's guide "Introduction to the Office of Foreign Assets Control" provides US and non-US persons with a foundational understanding of how US OFAC sanctions work and how to comply with them, including how to request a licence from the US OFAC, how persons may be removed from a US OFAC sanctions list, and how the US OFAC enforces its sanctions.[60] The US OFAC may deploy one to all of the following tools, depending on its policy objective:[61]

> (a) **List-based sanctions (*eg*, US OFAC Specially Designated Nationals and Blocked Persons List ("SDN List"))**: target specific, listed individuals and entities, and either: (i) require the blocking of all property and interests in property of those listed persons that are or come within the US or the possession or control of a US person, and prohibit dealing in such blocked property; or (ii) prohibit specific types of transactions and activities with listed persons. These individuals and entities may be designated for meeting certain criteria in the relevant sanctions authority that generally fall into two main categories: (i) conduct-based (*ie*, engaging or having engaged in certain behaviour); or (ii) status-based (*eg*, a role in a certain Government or a close family relationship to a blocked person). Most sanctions programmes also include derivative designation criteria – such as being owned or controlled by, or acting for or on behalf of, a blocked person or for providing material support to an individual or entity engaging in specified behaviour or holding or having held a particular status – that create sanctions risk for non-US persons.
>
> (b) **Government of regime sanctions**: either (i) require the blocking of all property and interests in property of a particular foreign Government or regime that are or come within the US or the possession or control of a US person; or (ii) prohibit specific types of transactions and activities involving a particular foreign government or regime.
>
> (c) **Broad jurisdiction-based sanctions**: prohibit dealings with an entire country or geographic region. This type of sanctions

60 Introduction to the Office of Foreign Assets Control at p 6.
61 Introduction to the Office of Foreign Assets Control at p 4.

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tool typically includes a prohibition on importing or exporting goods or services to or from the sanctioned jurisdiction, *eg*, Cuba or North Korea. Not all US OFAC sanctions programmes that include the name of a country in the programme name employ this type of sanction; many sanctions programmes include a country name but employ only list-based sanctions.

(d) **Sectoral-based sanctions**: target individuals and entities operating or that have operated in specific identified sectors (*eg*, defence sector or financial sector) of a foreign country's economy or prohibit specific activities associated with an identified sector of a foreign country's (*ie*, non-US) economy.

(e) **Secondary sanctions**: a type of sanction used to specifically and explicitly target non-US persons, such as non-US banks, for engaging in certain transactions with blocked persons or other specified activities. In practice, these may take the form of blocking, non-blocking, or banking-specific sanctions (*eg*, cutting off US correspondent accounts for non-US banks). Secondary sanctions authorities historically applied only to a limited number of sanctions programmes, such as those focused on Iran. Over time, however, the explicit use of secondary sanctions has become more common. As a practical matter, most sanctions programmes, even if not explicitly threatening secondary sanctions, have always included authority for the US OFAC to sanction non-US persons for providing "material support" to sanctioned persons, as described above.

A. The "Highest Common Denominator" approach

41 A defining feature of the sanctions compliance frameworks adopted by Singapore's major local banks is their deliberate breadth, extending well beyond the boundaries of Singapore's domestic legal obligations. Each of the three banks has publicly stated its commitment to complying not only with Singapore and UN sanctions, but also with the sanctions regimes of the US (through the US OFAC), the EU, and the UK (through the UK OFSI). DBS, for instance, commits to screening customers and transactions against lists issued by the UN, the EU, and the US OFAC, in addition to all applicable local regulatory sanctions lists in the jurisdictions in which DBS and its subsidiaries operate. Similarly, UOB has articulated a commitment to complying with sanctions laws passed by Singapore, the UNSC, the EU, the UK OFSI and the US OFAC, as well as applicable sanctions laws in the jurisdictions in which UOB group entities operate. OCBC likewise commits to complying with sanctions laws and regulations issued by the Singapore Government,

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including the MAS, the UNSC, the EU, the US OFAC and the UK OFSI, as well as applicable laws in the jurisdictions in which it operates.

42 This approach reflects what may be characterised as a "highest common denominator" strategy: each bank structures its policies around the most restrictive applicable regime, even where Singapore domestic law would permit a transaction to proceed. The practical consequence is significant. A transaction that is fully lawful under Singapore law – *eg*, involving a counterparty not designated under any UNSC resolution or MAS notice – may nonetheless be declined by a Singapore bank if that counterparty is listed on the SDN List or otherwise falls within the scope of a US sectoral sanctions programme.

B. Why US, UK and EU?

43 The Singapore banks' published sanctions compliance statements and selected sanctions regimes raise an important question. Many States now maintain autonomous sanctions regimes. Australia has done so since the Autonomous Sanctions Act 2011[62] and has operated thematic sanctions since 2021. Canada maintains parallel regimes under the Special Economic Measures Act[63] and the Justice for Victims of Corrupt Foreign Officials Act,[64] alongside its United Nations Act.[65] Switzerland legislates under the Embargo Act 2002,[66] Japan under the Foreign Exchange and Foreign Trade Act,[67] and New Zealand adopted a bespoke Russia Sanctions Act 2022. Yet none of these appears in the published sanctions statements of DBS, OCBC or UOB, which name only the UN, Singapore, the US, the EU and the UK. If the object of these banks' compliance frameworks were simply to comply with as much foreign law as possible, that selection would be inexplicable.

44 The main reason is the location of clearing chokepoints and the US dollar as the world reserve currency. In 2024, the US dollar accounted for approximately 58% of disclosed official foreign exchange reserves, some 88% of turnover in global over-the-counter foreign exchange markets, roughly half the value of payments messaged over SWIFT, and between 55% and 60% of cross-border bank claims and liabilities denominated in foreign currency. The Euro accounted for

62 Cth.
63 SC 1992, c 17 (Can).
64 Sergei Magnitsky Law, SC 2017, c 21 (Can).
65 RSC 1985, c U-2 (Can).
66 Federal Act of 22 March 2022 on the Implementation of International Sanctions (Switzerland).
67 Act No 228 of 1949 (Japan).

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approximately 20% and 31% of the first two measures respectively, and the pound sterling accounted for about 5% of allocated reserves.[68] The Australian and Canadian dollars each accounted for roughly 2% of allocated reserves, and neither underpinned a settlement infrastructure through which a Singapore bank's international business must pass. Sanctions authority tracks the US dollar. The reason a Singapore bank must attend closely to the views of the US OFAC is that its US dollar payments are settled through a correspondent in New York; the reason it needs to attend less closely to those of Canberra or Ottawa is that no comparable channel exists. The EU and the UK occupy an intermediate position, deriving reach not only from the euro and pound sterling but from the concentration in London and the EU of trade finance documentation, marine insurance and protection and indemnity cover, and reinsurance – functions upon which a commodity transaction routed through Singapore routinely depends.

45 The second is jurisdictional design. Australian and Canadian sanctions are, in substance, nationality- and territory-based. They bind conduct in Australia or Canada, and the conduct of Australian or Canadian citizens and bodies corporate wherever located.[69] Neither jurisdiction has an equivalent of US secondary sanctions or of the correspondent-account tools available under the Comprehensive Iran Sanctions, Accountability, and Divestment Act[70] ("CISADA") and s 311 of the USA PATRIOT Act.[71] Neither of the Acts purports to regulate a Singapore-law transaction between a Singapore bank and a counterparty having no Australian or Canadian connection. A Singapore banking group therefore encounters Australian and Canadian measures only through entities which it operates in those jurisdictions, which is exactly what the residual limb of each bank's formulation, referring to "applicable sanctions laws in the jurisdictions in which we operate", is designed to capture.

68 Board of Governors of the Federal Reserve System, "FED Notes: The International Role of the U.S. Dollar – 2025 Edition" (18 July 2025). The shares of official reserves and of cross-border banking claims are as at 2024; the share of over-the-counter foreign exchange turnover is taken from the Bank for International Settlements' Triennial Central Bank Survey.

69 Australian sanctions laws apply to conduct in Australia and to the conduct of Australian citizens and Australian-registered bodies corporate wherever located; Canadian sanctions laws apply to persons and entities in Canada and to Canadian persons and entities outside Canada. Neither regime purports to sanction a non-national for conduct occurring wholly outside its territory and involving none of its nationals.

70 124 Stat 1312.

71 115 Stat 274.

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C. Drivers of extraterritorial compliance

46 The primary driver of this extraterritorial compliance is the dependence of Singapore's major banks on US dollar-denominated clearing and access to the US financial system. Most significant (if not all) US dollar transactions are processed through correspondent banking relationships with US banks, which are themselves obligated under US law to comply with OFAC sanctions. A Singapore bank that facilitates a US dollar-denominated transaction involving a designated party – even if the transaction is lawful under Singapore law – risks exposing its US correspondent bank to liability, thereby jeopardising its correspondent banking relationships and, by extension, its ability to conduct international business. The threat of secondary sanctions – under which the US may penalise non-US persons for conduct occurring outside the US – further amplifies this risk.

47 Reputational risk constitutes a second, related driver. At the time of publication of this article, DBS, OCBC, and UOB are all rated at the highest credit tiers by major rating agencies and regularly participate in international capital markets. Exposure to sanctions violations – whether through enforcement actions, regulatory scrutiny, or adverse publicity – would materially undermine the confidence of international counterparties and investors. These Singapore banks therefore treat robust sanctions compliance not merely as a regulatory obligation but also as a core component of their franchise value and international standing.

D. Have the threats materialised? US nexus and US secondary sanctions risks

48 To be clear, there are three distinct forms of US sanctions exposure and risks faced by the banks.

49 The first is primary jurisdiction. US sanctions bind "United States persons", a category which, under the Syrian Sanctions Regulations[72] considered in *Kuvera (HC)*, expressly includes entities organised under US law "including foreign branches".[73] A foreign branch of a US bank is therefore directly and primarily subject to US sanctions in respect of its local business – a point upon which the General Division's reasoning in *Kuvera (HC)* turned. This is not extraterritorial in any contested sense; it is the ordinary application of a State's law to its own nationals.

72 31 CFR § 542 (US) (2014).
73 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [155].

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50 The second is jurisdiction founded upon a US nexus. A non-US person who causes a US person to violate sanctions – most commonly by routing a US dollar payment through a correspondent bank in New York, but also by dealing in US-origin goods, technology or software – exposes itself to US enforcement without any secondary sanctions authority being engaged at all. Almost every headline penalty imposed upon a foreign bank falls into this category. The BNP Paribas settlement with the US OFAC of 2014 concerned Sudanese, Iranian and Cuban dollar payments cleared through New York, and the resolutions involving Standard Chartered Bank, Hong Kong and Shanghai Banking Corp ("HSBC"), Commerzbank, Crédit Agricole and Société Générale rest on the same footing.[74] These are not secondary sanctions cases. They are cases about the dollar leg.

51 The third, and analytically distinct, is genuine secondary sanctions: measures directed at conduct by non-US persons occurring wholly outside US jurisdiction, which is not prohibited but is made sanctionable. Here, the realised record is thin but not empty, and the leading example is directly instructive. On 31 July 2012, the US Department of the Treasury made a finding under § 104(c) of CISADA that the Bank of Kunlun, a Chinese bank owned by China National Petroleum Corp, had knowingly facilitated significant transactions and provided significant financial services for Iranian banks designated under US proliferation and terrorism authorities, including the transfer of approximately US$100m from accounts held for Bank Tejarat.[75] The consequence was not a fine but exclusion: US FIs were prohibited from opening or maintaining correspondent or payable-through accounts for the bank, and were required to close existing accounts within ten days. No allegation of a US person, and no dollar leg, was necessary to the finding.

52 Two features of the Bank of Kunlun action explain why the compliance frameworks described above take the shape they do. The first is the nature of the sanction. A civil penalty is a cost of doing business; exclusion from correspondent access is, for an internationally active bank,

74 US Department of Treasury, Office of Foreign Assets Control, "Settlement Agreement Between the U.S. Department of the Treasury's Office of Foreign Assets Control and BNP Paribas SA (U.S. Department of the Treasury, Office of Foreign Assets Control" (30 June 2014) <https://ofac.treasury.gov/recent-actions/20140630> (accessed 3 November 2026).

75 The White House, Office of the Press Secretary, "Fact Sheet: Sanctions Related to Iran", press release (31 July 2012) <https://obamawhitehouse.archives.gov/the-press-office/2012/07/31/fact-sheet-sanctions-related-iran> (accessed 3 November 2026). Elaf Islamic Bank in Iraq was made subject to a corresponding finding on the same date.

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existential. The second is the ratio of threat to use. The US Department of the Treasury's own published guidance records that, since the enactment of CISADA, it has engaged "over 120 financial institutions and bank regulators in more than 60 countries" in order to communicate the statute's provisions and to raise specific concerns where warranted.[76] The secondary sanctions measure was imposed once (and the only one against a bank thus far at the point of writing this article); it was communicated more than a hundred times. Secondary sanctions do their work principally through the demonstration effect, and a compliance framework, which responds to the communicated threat rather than to the realised frequency of enforcement, is behaving rationally rather than timidly.

E. Key features of Singapore banks' compliance framework

53 At the operational level, each bank maintains a multi-list screening infrastructure. Customer onboarding, periodic reviews, and real-time transaction monitoring involve screening against several lists in parallel: the MAS consolidated list of designated entities, UNSC consolidated sanctions lists, the SDN List, EU and UK consolidated lists, and the bank's own internal watchlists derived from intelligence and risk assessment.

54 OCBC, for example, maintains a dedicated financial crime compliance function with a sanctions team responsible for designing and managing OCBC Group's sanctions compliance framework, acting as the sanctions subject-matter expert, and conducting sanctions-related investigations and data analytics. UOB similarly maintains Group and Country Money Laundering Reporting Officers and has invested in advanced data analytics to enhance risk surveillance capabilities. DBS has adopted a Sanctions Policy and Sanctions Economic Standards that define minimum compliance standards applicable across DBS and all its subsidiaries.

55 In addition to entity screening, these Singapore banks maintain internal country-level risk classifications. UOB publicly discloses that it does not open accounts, continue customer relationships, or execute transactions (directly or indirectly) involving sanctioned individuals, entities, countries, or territories under the relevant sanctions regimes,

76 US Department of Treasury, Office of Foreign Assets Control, "207. What Were the Criteria for Treasury's CISADA Finding Against Bank of Kunlun? How Many Other Institutions Were You Looking at and Why Did You Decide to Take Action Against Bank of Kunlun?" <https://ofac.treasury.gov/faqs/207> (accessed 3 November 2026).

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which it identifies as including Crimea, Donetsk, Luhansk, Kherson, Zaporizhzhia, Cuba, Iran, the DPRK, and Syria. UOB further identifies countries subject to selective or targeted sanctions where it will restrict certain products, services, or activities, including Belarus, Myanmar, Russia, and Venezuela.[77] OCBC similarly maintains a position of not establishing business relationships or transacting with sanctioned individuals, entities, or sanctioned countries or territories under the above-referenced regimes.[78] These bank-level country classifications operate independently of, and in some cases more restrictively than, Singapore's domestic sanctions regulations.

56 All three banks also reserve an explicit right to decline transactions and relationships that, whilst permissible under applicable law, fall outside their internal risk appetite. UOB, for instance, states that UOB Group entities may, at their sole discretion, decide not to process or facilitate transactions or to provide products and services even where they are permissible by sanctions laws, if these activities fall outside UOB's risk appetite.[79] DBS similarly reserves the right to prohibit or restrict business activities, customer relationships, or transactions it believes may potentially circumvent applicable sanctions laws or contravene the spirit of such sanctions laws.[80] This risk-appetite-based approach means that the effective scope of the banks' sanctions compliance is broader than any single applicable legal regime, and encompasses a penumbral zone of commercially sensitive business activity that may not be prohibited under the laws of Singapore.

F. Integration with anti-money laundering and combating the financing of terrorism and the COSMIC platform

57 Singapore's major banks do not treat sanctions compliance as a standalone function. Rather, it forms an integral component of a broader financial crime compliance framework that encompasses

77 United Overseas Bank Ltd, "AML, CFT and Sanctions Compliance" <https://www.uobgroup.com/sustainability/our-approach/regulatory-compliance/aml-cft-sanctions.page> (accessed 3 November 2026).

78 See "12 October 2022 – OCBC Anti-Money Laundering / Countering the Financing of Terrorism & Sanctions Notice" in OCBC Bank, "Notices" <https://www.ocbc.com/personal-banking/notices#_ftn1> (accessed 3 November 2026).

79 United Overseas Bank Ltd, "AML, CFT and Sanctions Compliance" <https://www.uobgroup.com/sustainability/our-approach/regulatory-compliance/aml-cft-sanctions.page> (accessed 3 November 2026).

80 DBS Bank Ltd, "Preventing Financial Crime" <https://www.dbs.com/sustainability/responsbile-business-practices/preventing-financial-crime/bank-sanctions-policy-statement> (accessed 3 November 2026).

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various disciplines of financial crimes including anti-money laundering, countering terrorist and proliferation financing, anti-fraud, sanctions, and anti-bribery measures. This integration reflects the regulatory approach mandated by MAS Notice 626,[81] which requires banks to consider sanctions risk as part of their overall assessment of money laundering and terrorism financing risks associated with customers and transactions.

58 At the industry level, this integration is further reflected in the Collaborative Sharing of Money Laundering/Terrorism Financing Information and Cases ("COSMIC") platform developed by the MAS together with DBS, OCBC, UOB, and three other global commercial banks (Standard Chartered Bank, Citibank and HSBC).[82] Enacted through amendments to the FSMA in May 2023, the COSMIC platform enables participating FIs to share information on customers exhibiting red flags that may indicate potential financial crime concerns.[83] Whilst its primary focus is anti-money laundering and combating the financing of terrorism ("AML/CFT") rather than sanctions *per se*, the COSMIC platform reinforces the broader financial crime architecture within which sanctions compliance is embedded, and facilitates inter-bank coordination on suspicious activity that may have a sanctions dimension which often involves the three key financial crime risks: (a) misuse of legal persons; (b) misuse of trade finance for illicit purposes; and (c) proliferation financing.

G. Regulatory enforcement and Wirecard precedent

59 The robustness of a bank's compliance framework is ultimately tested in enforcement. In June 2023, the MAS imposed composition penalties totalling S$3.8m on four financial institutions – Citibank NA (Singapore Branch), DBS, OCBC and Swiss Life (Singapore) Pte Ltd – for breaches of AML/CFT requirements identified during examinations following the Wirecard scandal.[84] The breaches related to inadequate controls in the context of Singapore-based individuals and

81 Monetary Authority of Singapore, "MAS Notice 626: Prevention of Money Laundering and Countering the Financing of Terrorism – Banks" (28 March 2024) <https://www.mas.gov.sg/regulation/notices/notice-626> (accessed 3 November 2026).

82 Monetary Authority of Singapore, "COSMIC" <https://www.mas.gov.sg/regulation/anti-money-laundering/cosmic> (accessed 3 November 2026).

83 See Pt 4A (Information Sharing Scheme for Prescribed Financial Institutions) of the Financial Services and Markets Act 2022 (Act 18 of 2022).

84 Monetary Authority of Singapore, "MAS Penalises 3 Banks and an Insurer for Breaches of Anti-Money Laundering Requirements" (21 June 2023) <https://www.mas.gov.sg/regulation/enforcement/enforcement-actions/2023/mas-penalises-

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entities allegedly involved in irregularities in Wirecard AG's financial statements. Although the penalties concerned AML/CFT obligations rather than sanctions violations in the strict sense, the enforcement action underscores the regulatory consequences of compliance shortcomings and the MAS's willingness to hold major banks operating in Singapore accountable for failures in their financial crime frameworks. More recently, on 4 July 2025, the MAS announced regulatory actions against nine FIs[85] – for breaches of AML/CFT requirements arising from the 2023 money laundering scandal, in which assets exceeding S$3bn were seized or frozen by authorities.[86] These enforcement actions serve as a reminder that compliance shortcomings in the financial crime sphere carry significant regulatory and reputational consequences.

H. Implications: privatisation of sanctions enforcement and compliance

60 The compliance approach taken by the three major Singapore banks described above has significant systemic implications. It means that foreign sanctions – primarily those of the US OFAC, UK OFSI and EU – acquire a substantial degree of practical effectiveness within Singapore *not* through the laws and regulations of Singapore, but through the commercial decisions of private FIs. This dynamic may be characterised as the privatisation of sanctions enforcement: the major banks, driven by access considerations, reputational concerns, and risk appetite, effectively extend the reach of foreign sanctions into the Singapore financial system beyond what domestic law requires.

61 This creates a tension at the heart of Singapore's approach. On one hand, Singapore's formal sanctions architecture is carefully calibrated to preserve sovereign control, limiting binding obligations to UN measures and a discrete set of autonomous measures adopted on a case-by-case basis. On the other hand, the practical effect of the major banks' compliance frameworks is that US, UK and EU unilateral sanctions enjoy substantial *de facto* enforcement within the Singapore financial system. Parties who are not designated under any Singapore

3-banks-and-an-insurer-for-breaches-of-anti-money-laundering-requirements> (accessed 3 November 2026).

85 Including six banks: Credit Suisse Singapore Branch; United Overseas Bank Ltd; UBS AG, Singapore Branch; Citibank NA Singapore and Citibank Singapore Ltd; Bank Julius Baer & Co Ltd, Singapore Branch; and LGT Bank (Singapore) Ltd.

86 Monetary Authority of Singapore, "MAS Takes Regulatory Actions Against 9 Financial Institutions for AML-Related Breaches" (4 July 2025) <https://www.mas.gov.sg/regulation/enforcement/enforcement-actions/2025/mas-takes-regulatory-actions-against-9-financial-institutions-for-aml-related-breaches> (accessed 3 November 2026).

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or UN measure may nonetheless find themselves unable to access Singapore's banking system, simply because their profile triggers the risk filters of the major banks.

62 This dynamic also gives rise to broader legal and policy questions concerning the accountability of private actors (such as FIs) who exercise what is, in effect, a gatekeeping function over access to the financial system. Where a bank declines a transaction or terminates a customer relationship solely on the basis of foreign sanctions risk, that decision may cause significant economic harm to the affected party. Yet, as *Kuvera (HC)* demonstrates, where a bank has already assumed a contractual obligation, Singapore courts will scrutinise the asserted basis for non-performance carefully, and will not permit a generalised invocation of "sanctions risk" to serve as a self-sufficient justification. The interaction between the banks' compliance frameworks and Singapore's private law doctrines therefore constitutes an important and evolving area of legal development, to which the following section turns.

V. Judicial treatment of sanctions clauses: *Kuvera (HC)* litigation

A. Kuvera (HC)

63 The decision of *Kuvera (HC)* marked the first time a Singapore court was asked to consider the issue of validity and enforceability of a sanctions clause. In its judgment, the General Division dismissed the claim brought by Kuvera Resources Pte Ltd ("Kuvera") and held that JPMorgan Chase Bank, NA ("JPMorgan") was not in breach of contract, and was accordingly entitled to refuse payment to Kuvera.

64 In July 2019, an Indonesian company ("Seller") contracted to sell coal to a company in the United Arab Emirates ("Buyer"). Kuvera, a Singapore-incorporated coal trading company, advanced funds to the Seller for it to procure the coal for onward sale to the Buyer. The contract imposed an express obligation on the Buyer to: (a) pay for the coal by two letters of credit; (b) name Kuvera (rather than the Seller) as the beneficiary in both letters of credit; (c) procure that a major/international bank in Singapore confirm both letters of credit; and (d) procure that both letters of credit were issued subject to the Uniform Customs and Practice for Documentary Credits, 2007 Revision ("UCP600") issued by the International Chamber of Commerce.

65 The Buyer procured a bank in Dubai to issue both letters of credit in favour of Kuvera. As stipulated in the contract, both letters of credit were issued expressly subject to the UCP600. JPMorgan

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Chase Bank, NA ("JPMorgan"), acting through its Singapore branch, served as both the advising and nominated bank for the letters of credit. JPMorgan also confirmed the letters of credit through two letters of confirmation. At the material time, all of JPMorgan's advice and confirmations contained a sanctions clause requiring compliance with US sanctions laws, allowing the bank to refuse payment where documents involved entities or vessels subject to the applicable restrictions ("Sanctions Clause"). The full text of the Sanctions Clause provided as follows:[87]

> [JPMorgan] must comply with all sanctions, embargo and other laws and regulations of the U.S. and of other applicable jurisdictions to the extent they do not conflict with such U.S. laws and regulations ('applicable restrictions'). Should documents be presented involving any country, entity, vessel or individual listed in or otherwise subject to any applicable restriction, we shall not be liable for any delay or failure to pay, process or return such documents or for any related disclosure of information.

66 Kuvera subsequently made a complying presentation of documents to JPMorgan under the letters of credit. As part of its internal compliance process, JPMorgan sent the presented documents for its internal sanctions screening procedure. The screening revealed that the vessel involved in the shipment was flagged on an internal list maintained by JPMorgan, which contained the names of various entities and vessels determined by JPMorgan to have a sanctions nexus and/or concern. In particular, the vessel was believed to be Syrian-owned and therefore potentially subject to US Syria sanctions. This was despite the vessel being absent from the publicly available sanctions lists administered by the US OFAC. Accordingly, JPMorgan refused to make payment to Kuvera. Kuvera subsequently commenced proceedings against JPMorgan for its refusal to pay under the letters of credit despite a complying presentation.

67 Before the General Division, there were three issues to be decided:[88]

> (a) whether the Sanctions Clause was a contractual term in JPMorgan's confirmations;
>
> (b) if so, whether the Sanctions Clause was valid and enforceable; and
>
> (c) whether the Sanctions Clause entitled JPMorgan to refuse to pay Kuvera despite a complying presentation.

87 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [2].
88 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [26].

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68 On the first issue, the General Division held that the Sanctions Clause was duly incorporated as a contractual term of JPMorgan's confirmations. Kuvera argued that the Sanctions Clause was not a term of the letters of credit and therefore could not be a term of the confirmation.[89] The court rejected this argument on the basis that a confirmed letter of credit transaction comprises multiple contracts, each of which is separate from and autonomous of all the other contracts.[90] When an issuing bank advises a letter of credit to a beneficiary, it makes an offer of a unilateral contract to the beneficiary. When a confirming bank adds its confirmation to the letter of credit, it makes a separate offer of a *separate* unilateral contract to the beneficiary. Therefore, that separate offer may adopt different terms from the issuing bank's offer.[91] As such, there is no legal impediment to a confirming bank adding a term to its confirmation of a letter of credit which is not found in the letter of credit itself.[92]

69 Kuvera also argued that the Sanctions Clause could not be a term of JPMorgan's confirmations because the Sanctions Clause was not drawn to Kuvera's attention and that the Sanctions Clause was not itself the subject of any offer, acceptance or consideration. Both arguments were rejected by the General Division. On the evidence, it found that JPMorgan had in fact drawn the Sanctions Clause to Kuvera's attention.[93] Further, there was no need for Kuvera to accept the Sanctions Clause separately, or for JPMorgan to supply consideration separately, for the Sanctions Clause to be incorporated into the confirmations. The Sanctions Clause simply existed from the time JPMorgan confirmed the letter of credit as a term of the offer, together with all the other terms of the offer.[94]

70 On the second issue of whether the Sanctions Clause was valid and enforceable, the General Division held in the affirmative. The court first found that the Sanctions Clause was not fundamentally inconsistent with the commercial purpose of a confirmed letter of credit. The commercial purpose of a confirmation is to give the beneficiary (which in this case was Kuvera) an alternate paymaster to which it can look to for payment, in addition to the issuing bank. Even with the Sanctions Clause incorporated as a term of the JPMorgan's confirmations, JPMorgan remained in substance an alternate paymaster to the issuing

89 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [71].
90 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [80].
91 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [80].
92 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [82].
93 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [83]–[92].
94 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [95].

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bank and Kuvera retained its rights against JPMorgan.[95] Therefore, the Sanctions Clause was valid and enforceable as it did not contradict the commercial purpose of a confirmed letter of credit.[96] The court also found that the Sanctions Clause did not confer on JPMorgan a high level of discretion in deciding whether to pay against a complying presentation based on its internal sanctions policy. In the General Division's view, the Sanctions Clause was a narrow sanctions clause as the content of the Sanctions Clause did not go beyond the statutory or regulatory obligations imposed on JPMorgan by US sanctions laws and regulations.[97] In so far as JPMorgan relied on its internal sanctions policy when it carried out the sanctions screening, it did so merely to ascertain whether the documents presented involved a vessel subject to US sanctions laws and regulations.[98]

71 The General Division also dismissed Kuvera's argument that the Sanctions Clause was a "non-documentary condition" and therefore inconsistent with the documentary nature of a letter of credit transaction. The court held that the Sanctions Clause operated post-presentation to permit JPMorgan not to pay Kuvera against a complying presentation if the documents involved a vessel subject to US sanctions laws and regulations.[99] Therefore, while it was a condition of payment, it was not a non-documentary condition of payment. Finally, the General Division rejected Kuvera's argument that the Sanctions Clause was worded so broadly as to be unworkable. Kuvera had argued that the phrase "all sanctions … laws and regulations of the U.S. and of other applicable jurisdictions to the extent that they do not conflict with such US laws and regulations"[100] makes the laws of every jurisdiction in the world applicable to permit JPMorgan not to pay against a complying presentation, excluding only those that conflict with US sanctions laws and regulations.[101] The court disagreed and interpreted the Sanctions Clause with the commercial purpose of the clause such that there were only two applicable sanctions laws: (a) US sanctions laws and regulations, because JPMorgan is a bank incorporated and regulated in the US; and (b) Singapore sanctions laws and regulations, because it is JPMorgan's Singapore branch which confirmed the letters of credit.[102] Accordingly, the Sanctions Clause was not unworkably wide.

95 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [106].
96 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [107].
97 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [117].
98 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [118].
99 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [123].
100 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [2].
101 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [125].
102 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [129].

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72 On the third and final issue of whether the Sanctions Clause entitled JPMorgan to refuse to pay Kuvera, the General Division again found in favour of JPMorgan. Kuvera contended that the Singapore branch of JPMorgan was licensed and regulated solely in Singapore and therefore not subject to US sanctions laws and regulations. The court rejected this argument and held that the Singapore branch was not a separate legal entity distinct from JPMorgan itself.[103] As a matter of law, JPMorgan and all of its branches worldwide, including its Singapore branch, remained subject to US sanctions laws and regulations.[104] Based on expert opinion and OFAC's confirmation, the General Division found that JPMorgan had established on the balance of probabilities that paying Kuvera would have exposed it to a breach of US sanctions laws and regulations.[105] In those circumstances, the HC held that the sanctions clause was engaged and that JPMorgan was contractually entitled to refuse payment to Kuvera.

B. Kuvera (CA)

73 Following Kuvera's appeal, the Court of Appeal reversed the decision of the General Division in part, holding that JPMorgan's apprehension of a possible adverse determination by the US OFAC was insufficient to justify its refusal to honour an otherwise complying presentation. The Court of Appeal also expressed reservations as to whether a clause of this nature was consistent with the commercial function of a letter of credit.

74 On appeal, the Court of Appeal considered two principal issues: first, the nature of documentary credit transactions; and second, the proper construction of the Sanctions Clause. On the first issue, the Court of Appeal agreed with the General Division that a documentary credit transaction comprises a series of discrete and autonomous contracts, each operating independently of the others.[106] A confirmation letter, as such, is separate from the underlying letter of credit.[107] It follows that a confirming bank's liability under a confirmation may be made subject to terms that do not appear in the letter of credit itself, since the latter governs a different legal relationship, namely, the legal relationship between the issuing bank

103 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [138].
104 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [157].
105 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2022] SGHC 213 at [186] and [191].
106 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [27].
107 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [31].

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and the beneficiary.[108] The Court of Appeal further endorsed the General Division's analysis that letters of credit and confirmations are best understood as unilateral contracts possessing the *sui generis* quality of irrevocability.[109] On this view, JPMorgan's obligations under the confirmations arose upon the fulfilment of a specific condition – Kuvera's presentation of complying documents.[110] In light of the independent and unilateral nature of the confirmation, the Sanctions Clause did not require separate offer and acceptance, and was therefore validly incorporated by JPMorgan as a term of its confirmations.[111]

75 The more difficult question however was whether, notwithstanding its due incorporation, the Sanctions Clause in fact entitled JPMorgan to refuse payment to Kuvera. It was on this issue that the Court of Appeal departed from the General Division's reasoning. The Sanctions Clause permitted JPMorgan to refuse payment only where the vessel was "listed in or otherwise subject to any applicable restriction".[112] As the vessel did not appear on the SDN List, JPMorgan could rely on the Sanctions Clause only by establishing that the vessel was "otherwise subject to any applicable restriction".[113] In this regard, the Court of Appeal rejected the subjective, risk-based approach adopted by the lower court. The General Division had accepted that JPMorgan's refusal to pay was a rational and contractually justified approach because JPMorgan preferred the risk of litigation by Kuvera to the possibility of being found by the US OFAC to have breached US sanctions.[114] The Court of Appeal did not dispute that such an approach might be understandable from the perspective of international risk management. The issue, however, was not whether JPMorgan's caution was rational but whether the clause, when properly construed, entitled JPMorgan to dishonour the complying presentation.[115]

76 The Court of Appeal therefore held that the Sanctions Clause had to be construed strictly. Whether the vessel was "subject to any applicable restriction" should be determined on an objective basis, and not with reference to any third-party input expressed by the US OFAC.[116] In the Court of Appeal's view, to allow JPMorgan to rely on its correspondence with US OFAC would introduce an unduly speculative

108 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [32].
109 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [35].
110 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [36].
111 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [37].
112 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [39].
113 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [40].
114 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [42].
115 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [42].
116 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [43].

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and arbitrary element into the analysis. It would require the court to assess the likelihood that the US OFAC (an entity not expressly identified in the Sanctions Clause) might take the view that payment to Kuvera would breach US sanctions. Such an approach would erode the certainty that lies at the heart of documentary credit transactions, since it would make it practically impossible for Kuvera to know whether it would be paid notwithstanding its full compliance with the documentary requirements.[117] The Court of Appeal was also critical of JPMorgan's reliance on its correspondence with the US OFAC for a further reason. In its view, the correspondence suggested that the bank had been seeking support from the US OFAC in order to justify a decision it had already taken.[118] In other words, JPMorgan appeared to be attempting to obtain retrospective regulatory endorsement for its refusal to pay.[119]

77 As such, the only relevant question was whether JPMorgan could provide objective evidence that the vessel remained Syrian-owned at all material times (*ie,* in 2019),[120] which was an issue capable of proof.[121] After reviewing the evidence put forward by JPMorgan, the Court of Appeal found that the facts were inconclusive to show that the vessel continued to have beneficial ownership linked to Syria or Syrian interests.[122] The Court of Appeal first noted that it is insufficient to suggest that just because information on the vessel's beneficial owner is not available, it must follow that there is some masking or concealment as regards the identity of its beneficial ownership.[123] Further, the mere fact that the vessel was under Syrian beneficial ownership in 2015 does not invariably mean that it should still be regarded as such under its new registered ownership in 2019.[124] In any event, by 2019, the vessel was owned by a Barbados company and operated by an UAE entity with a Cypriot national as its managing director. Thus, there was no conclusive evidence that, with the change of ownership, the vessel continued to have a nexus to Syria.

78 In *obiter*, the Court of Appeal made some further observations on the compatibility of the Sanctions Clause with the commercial purpose of the letters of confirmation.[125] The question of whether sanctions clauses are incompatible with the nature of irrevocable

117 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [44].
118 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [47].
119 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [49].
120 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [55].
121 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [61].
122 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [62].
123 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [63].
124 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [65].
125 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [69].

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documentary credit transactions remains an open and difficult one, given the uncertainty they introduce to the documentary credit transaction and the unfairness of allowing a bank to deny reimbursement owed to the beneficiary.[126] At the crux of it all is the idea that banks "cannot have it both ways" by representing to a beneficiary that payment is conditioned only on a complying demand, but reserving the right to dishonour where it is unsure of its legal liabilities.[127] Ultimately, a balance must be struck between preserving the autonomy of individual contracts within a documentary credit transaction and upholding the commercial viability of a documentary credit transaction, whereby each autonomous contract is intended to correspond to and/or provide a safety net for the other contracts in the transaction.[128]

C. Key takeaways

79 The Court of Appeal decision of *Kuvera (CA)* is significant not merely for the light it sheds on Singapore's judicial treatment of sanctions clauses in commercial instruments, but also for what it reveals about the manner in which Singapore law mediates the practical reach of foreign unilateral sanctions within its domestic legal system. Although the courts recognise that banks and other FIs operate under genuine extraterritorial sanctions risks, such risks cannot be invoked in the abstract as a determinative justification for the non-performance of an obligation already assumed under Singapore law. Rather, where a sanctions clause has been duly incorporated and clearly drafted, its operation remains subject to careful judicial scrutiny grounded in its text, context, and commercial purpose. This approach reflects Singapore's attempt to strike a principled balance between accommodating legitimate concerns of commercial risk management and preserving legal certainty in commercial transactions. At the same time, the case also underscores the practical difficulty of undertaking sanctions due diligence in a manner that is sufficient not only for internal compliance purposes, but also to satisfy the expectations of relevant sanctions authorities and the courts.

80 More broadly, Singapore's experience illustrates both the resilience of its formally UN-anchored sanctions regime and the more complex channels through which foreign unilateral sanctions acquire practical significance within the domestic legal order. Although Singapore's binding sanctions obligations remain rooted in the UN system and its domestic

126 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [71].

127 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [71], citing Damien Smith, "Sanctions Disclaimers in Letters of Credit" (2014) *Journal of International Commercial Law* 259 at 278.

128 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [77].

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implementing legislation, this formal position does not insulate Singapore's legal system from the commercial realities of a globalised financial environment. Therefore, the practical influence of foreign sanctions is mediated through private law doctrines and contractual drafting, subject to judicial insistence on legal certainty and principled interpretation. As a hub economy that is highly dependent on cross-border commerce, Singapore's approach is perhaps best understood as a principled pragmatism: maintaining formal legal sovereignty over its sanctions obligations whilst acknowledging – through its regulatory framework and judicial interpretive standards alike – the practical reality that private actors operating in global markets will inevitably internalise the demands of the world's major unilateral sanctions regimes.

81 The challenge for Singapore going forward will be to ensure that Singapore remains open and friendly to the world and is not forced to take sides among the major powers to implement foreign sanctions as a substitute for considered domestic policy, and that the legal principles of certainty, commercial efficacy, and sovereign autonomy continue to provide meaningful constraints on how sanctions risk is invoked and managed within Singapore's legal and financial systems.

VI. Comparative perspective: Court of Justice of the European Union's ruling in *LH v OTP banka d.d.*

82 The tensions between bank compliance frameworks and the rights of individuals affected by foreign sanctions designations are not unique to Singapore. A landmark ruling of the Court of Justice of the European Union ("CJEU") in *LH v OTP banka d.d.*[129] ("*Jenec*") delivered on 11 June 2026 – addresses precisely this intersection in the EU legal order and offers a useful comparative lens for evaluating the Singapore position.[130]

83 The facts of *Jenec* are instructive. In 2022, a Slovenian bank refused to open a payment account with basic features for a consumer who was included on the SDN List. Critically, the consumer had never been convicted of any criminal offence giving rise to his designation. Nor was he subject to any sanction imposed by the UN, the EU, or Slovenia. The bank contended that its refusal was justified by Slovenian legislation on the prevention of money laundering and terrorist financing. The

129 Case C-81/24, EU:C:2026:470.

130 Court of Justice of the European Union, "Banking Services: Inclusion on a United States Sanctions List Is Not Sufficient, on Its Own, for a Refusal to Open an Account", press release (11 June 2026) <https://curia.europa.eu/site/upload/docs/application/pdf/2026-06/cp260084en.pdf> (accessed 3 November 2026).

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consumer brought proceedings before the Slovenian courts to compel the bank to open the account; the matter was referred to the CJEU by way of a preliminary ruling request under Art 267 of the Treaty on the Functioning of the European Union.[131]

84 The CJEU's ruling establishes two propositions of considerable significance. First, the court affirmed that any consumer residing lawfully in the EU has the right to open and use a payment account with basic features under Directive 2014/92/EU[132] ("Payment Accounts Directive"), subject to compliance with AML/CFT requirements. Second, and more importantly for present purposes, the court held that mere inclusion of a customer's name on the SDN List – or on any other list drawn up by a third country – did not automatically prohibit a bank from establishing a business relationship with that customer. Whilst such inclusion may constitute one relevant factor in the bank's risk assessment, it cannot, without more, serve as a standalone justification for refusing to open an account. A lawful refusal requires an individual assessment of the specific risk of money laundering or terrorist financing posed by the particular customer, conducted in accordance with Directive (EU) 2015/849[133] ("Fourth Anti-Money Laundering Directive"). Only where the bank concludes – following such an individual assessment – that it cannot effectively manage the relevant risk through proportionate measures may it decline to open the account.

85 The significance of *Jenec* extends well beyond the EU context. It constitutes the clearest judicial statement to date from a major court that the SDN List does not, as a matter of law, operate as a *de facto* prohibition on banking access for persons not designated under the applicable domestic or multilateral sanctions regime. The ruling draws a sharp distinction between: (a) compliance with applicable sanctions law (which may justify refusal); and (b) adherence to a foreign list as a substitute for individual risk assessment (which does not). In doing so, the *Jenec* ruling is the first direct judicial challenge, in any major jurisdiction, to the unqualified operation of the "highest common denominator" compliance approach described above.

131 [2016] OJ C 202/47.

132 Directive on the Comparability of Fees Related to Payment Accounts, Payment Account Switching and Access to Payment Accounts with Basic Features, EU Parliament and Council Directive 2014/92/EU, [2014] OJ L 257/214.

133 Directive on the Prevention of the Use of the Financial System for the Purposes of Money Laundering or Terrorist Financing, Amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and Repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, EU Parliament and Council Directive (EU) 2015/849, [2015] OJ L 141/73.

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86 The limits of the *Jenec* ruling must, however, be stated as clearly as its content. *Jenec* was decided within a specific legislative setting, and its reasoning is tethered to that setting. The right upon which the consumer succeeded is conferred by the Payment Accounts Directive and is confined to consumers, acting in a personal capacity, seeking a payment account with basic features; the CJEU's proportionality reasoning relies expressly upon the limited functionality of such an account as a factor reducing the money laundering risk which it presents. The requirement of an individualised determination is drawn from the risk assessment architecture of the Fourth Anti-Money Laundering Directive, and not from any general principle governing the relationship between private banks and foreign sanctions authorities.[134] Nor did the court hold that an US OFAC designation is legally irrelevant. It held the opposite: such a designation remains a relevant risk factor, and a bank which concludes, after an individualised assessment, that the risk cannot be managed by proportionate measures may still refuse. *Jenec* therefore establishes no general rule that a bank may not rely upon a foreign sanctions list. It establishes that a bank subject to a statutory duty to provide a service cannot discharge that duty by pointing to a foreign list instead of performing the assessment which the statute requires.

87 For Singapore, the *Jenec* ruling may have instructive implications for Singapore's legal and regulatory regime. To be clear, Singapore law does not confer an equivalent statutory right to a basic payment account as EU law does under the Payment Accounts Directive. Nevertheless, as far back as 2022, the MAS has constantly engaged major retail banks in Singapore on initiatives to enhance financial inclusion for ex-offenders and individuals whom the banks assess to pose a higher risk of being implicated in financial crimes.[135] One way is to allow such individuals to open limited purpose bank accounts to meet their basic banking needs, such as receiving salaries and paying bills. To mitigate risks of abuse, the accounts are subject to enhanced monitoring measures. For

134 Directive on the Comparability of Fees Related to Payment Accounts, Payment Account Switching and Access to Payment Accounts with Basic Features, EU Parliament and Council Directive 2014/92/EU, [2014] OJ L 257/214, Arts 2 and 16; Directive on the Prevention of the Use of the Financial System for the Purposes of Money Laundering or Terrorist Financing, Amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and Repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, EU Parliament and Council Directive (EU) 2015/849, [2015] OJ L 141/73, Arts 13 and 14. The right is conferred on consumers only, and the court's proportionality analysis relies expressly on the limited functionality of an account with basic features.

135 Monetary Authority of Singapore, "Reply to COS Cut on Bank Accounts for Ex-Offenders" (2 March 2022) at para 1 <https://www.mas.gov.sg/news/parliamentary-replies/2022/reply-to-cos-cut-on-bank-accounts-for-ex%20offenders>(accessed 3 November 2026).

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example, participating FIs in Singapore will check that individuals are only receiving funds from specified sources which had been agreed upon at account opening, including salary payments from employers, government disbursements, and insurance payouts.

88 On a broader level, the EU *Jenec* ruling also aligns with the spirit of the Singapore Court of Appeal's analysis in *Kuvera (CA)*, which equally rejected the proposition that banks may invoke foreign sanctions risk in a categorical or undifferentiated manner as a self-sufficient basis for non-performance of their contractual obligations. Taken together, *Jenec* and *Kuvera* may represent an emerging judicial trend across different legal systems: the courts will not permit FIs, however well-resourced their compliance functions, to discharge an obligation owed under domestic law by pointing to the sanctions lists of a foreign sovereign in place of the assessment that the domestic obligation requires.

89 It follows that the private sector is required, as a matter of commercial necessity, to comply with a range of foreign sanctions regimes, while the domestic legal order continues to determine what is actually owed – and that this is as it should be, since a jurisdiction which allowed foreign designations to override domestic obligations would have surrendered precisely the autonomy that Singapore's sanctions architecture is designed to preserve. Domestic legal and political objectives still prevail.

90 The consequence is operational difficulty (and not so much doctrinal tension), and it falls squarely upon the banks to navigate the precarious sanctions landscape. An institution in the position of DBS, OCBC or UOB is answerable to two or more normative orders or legal systems which may not necessarily align. The foreign order generates a risk which is commercially existential but which creates no domestic obligation and supplies no domestic defence. The domestic order generates obligations which are enforceable and which the foreign risk does not discharge. The residual risk of the mismatch is allocated, by default, to the institution in the middle, which must satisfy a domestic evidential standard upon matters it is not equipped to prove. *Kuvera (CA)* illustrates the point exactly: the Court of Appeal acknowledged that JPMorgan had neither control of nor access to the documents relating to the sale and transfer of the vessel, and held that this could not be relied upon to displace or dilute its burden of proving that the vessel remained Syrian-owned, because the imposition of the burden was a function of the bank's own reliance upon the clause.[136] A bank which wishes to

136 *Kuvera Resources Pte Ltd v JPMorgan Chase Bank, NA* [2023] 2 SLR 389 at [61].

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reserve the right to refuse must be able to prove the facts upon which the reservation depends.

91 Nevertheless, there may be a small number of unbanked individuals in Singapore whom banks have assessed to pose unacceptable risks,[137] *eg*, individuals who have committed serious crimes involving financing of UN-designated terrorists, offences pertaining to proliferation financing and evasion or violation of financial sanctions imposed by major sanctions regulators. It would be understandable if the banks do not wish to maintain business relations or accounts with such high-risk individuals, where doing so may exceed the legal, reputational and operational risk appetites of the banks. After all, it would be incoherent to impose regulatory expectations on banks to cease business dealings with certain high-risk individuals in order to prevent further exploitation of the financial system while simultaneously requiring those same banks to offer banking services (*albeit* some degree of basic banking facilities) to persons who have exploited and evaded the banks' monitoring and surveillance systems in the first place. In such instances, those high-risk individuals would be effectively cut out from the financial systems and face their "just desserts" for taking advantage of the financial systems and networks in the very first place to perpetuate their illegalities.

VII. *Kuvera* in the light of the EU *Jenec* ruling

92 The decisions of *Kuvera* and *Jenec* need to be understood in their respective context. The intent of referring to these two cases is to highlight the operational difficulties faced by banks and private actors in their navigation of the global sanctions landscape. To say that a transaction lawful under Singapore law may nonetheless be declined by a Singapore bank is not, without more, to identify a legal wrong. A bank is a private commercial actor. It is under no general duty to contract, and under no general duty to transact with any person who presents himself. The banker–customer relationship is contractual in origin, and the bank's obligations arise from its mandate rather than from

137 Based on the latest information gathered by the Singapore Government in September 2020, it is estimated that over 98% of adult Singapore residents have bank accounts: Monetary Authority of Singapore, "Reply to Parliamentary Question on Number of Adult Singaporeans Not Having a Bank Account and Reasons for Not Having One" (4 September 2020) <https://www.mas.gov.sg/news/parliamentary-replies/2020/reply-to-parliamentary-question-on-number-of-adult-singaporeans-not-having-a-bank-account> (accessed 6 November 2026).

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any public law duty of access.[138] Singapore law confers no analogue of the right to a payment account with basic features which the Payment Accounts Directive confers in the EU, and a bank's decision to decline an unattractive counterparty is in principle no more reviewable than the decision of any other business to decline a customer. The proposition that a bank may not decline lawful business would be a startling one, and it is not advanced here.

VIII. Conclusion

93 Singapore's sanctions regime presents a study in calibrated duality. At the formal level, Singapore has constructed a coherent, UN-anchored legal architecture that carefully delineates the boundaries of its binding sanctions obligations. Through the UN Act, the FSMA, the TSOFA and a discrete set of autonomous measures, Singapore gives domestic legal effect to UNSC decisions while preserving its foreign policy autonomy and resisting any general incorporation of the unilateral regimes of the major sanctions regulators, including the US OFAC, UK OFSI and EU. This dualist posture is not merely a technical legal choice; it reflects a principled sovereign stance that Singapore's obligations under international sanctions law are those it has chosen to adopt, and not those imposed upon it by the extraterritorial reach of foreign jurisdictions.

94 Yet, formal legal sovereignty tells only part of the story. As this article has demonstrated, the practical influence of US OFAC, UK OFSI, and EU sanctions within Singapore's financial system is substantial, and is channelled primarily through the compliance frameworks of its three major local banks. Driven by their dependence on US dollar clearing, correspondent banking relationships, and access to international capital markets, DBS, OCBC, and UOB have each adopted a "highest common denominator" approach that extends well beyond Singapore's domestic legal requirements. In doing so, these institutions function as *de facto* transmission mechanisms for foreign sanctions – a phenomenon aptly characterised as the privatisation of sanctions enforcement. The result is a structural tension at the heart of Singapore's approach: a State that formally confines its binding sanctions obligations to the multilateral framework of the UN, yet whose financial system operates in practice with a considerably wider effective perimeter defined by the risk appetites of private actors.

138 There is no reported case law in Singapore establishing that access to a banking system is a constitutional right under the Constitution of the Republic of Singapore (2020 Rev Ed).

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95 The judicial treatment of sanctions clauses in *Kuvera* represents Singapore law's most significant engagement to date with this tension. The Court of Appeal's insistence on a textual and objective construction of the sanctions clause – rejecting the bank's risk-based, subjective approach and its retrospective reliance on informal US OFAC correspondence – affirms that Singapore courts will not permit sanctions risk to function as an open-ended trump card over contractual obligations already assumed. Banks and other FIs operating within Singapore's legal system must be able to demonstrate, through objective and legally cognisable evidence, that their refusal to perform is grounded in an actual legal prohibition, and not merely an assessment of reputational or regulatory risk. This insistence on principled interpretation is both commercially important and constitutionally significant: it preserves legal certainty for parties transacting in Singapore's financial markets, and guards against the wholesale importation of foreign regulatory judgments into Singapore's private law.

96 The recent ruling of the CJEU in *Jenec* suggests that judicial insistence upon domestic legal standards, in preference to the uncritical internalisation of foreign sanctions lists, is not a Singapore-specific development. The convergence should not, however, be overstated. The two courts were applying different instruments in different legal orders, and neither laid down a general rule that an FI may not rely upon a foreign sanctions designation: *Jenec* concerns a statutory right to a payment account with basic features conferred upon consumers by EU law, and *Kuvera* concerns the construction of a particular contractual clause and a failure to prove the fact upon which it depended. What the decisions share is narrower and more durable. In each, the operative norm was supplied by the domestic legal order – a contractual obligation assumed under Singapore law in *Kuvera*, a statutory right conferred by EU law in *Jenec* – and in each, the foreign designation entered the analysis not as law but as evidence, to be weighed against the standard that the domestic norm prescribed. In each, the institution failed because it had substituted the foreign material for the domestic assessment. The proposition for which the two decisions stand is accordingly a limited one: a contractual or statutory obligation arising under domestic law is not displaced by a generalised invocation of foreign sanctions risk. It is a proposition about the primacy of the domestic legal order, not about the illegitimacy of foreign sanctions compliance.

97 That primacy is what generates the operational difficulty which is, in the end, this article's principal concern. Singapore's banks must comply with foreign sanctions regimes because the commercial consequences of failing to do so are severe; they must comply with Singapore law because it is the law which binds them and which their courts will enforce. When the two point in different directions, it is

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the institution in the middle which bears the residual risk, and it bears it in the form of an evidential burden it is poorly placed to discharge. Recognising that is a more useful contribution to the design of sanctions clauses, compliance frameworks and regulatory expectations than any attempt to derive from *Kuvera* and *Jenec* a general prohibition upon reliance on foreign lists – a prohibition which neither decision supports, and which, if it existed, would be unworkable.

98 Looking ahead, Singapore faces a set of challenges that will test the resilience and adaptability of its current approach. The fragmentation of the international sanctions landscape – driven by deepening geopolitical rivalry, the proliferation of unilateral measures by major powers, and the increasing use of secondary sanctions as instruments of foreign policy coercion – creates growing pressure on jurisdictions like Singapore to choose sides. Singapore's longstanding emphasis on multilateralism and sovereign autonomy in its sanctions policy represents a considered and coherent response to these pressures. But as the experience of the three major Singapore banks demonstrates, formal legal positions do not insulate a financial centre from the gravitational pull of the world's more powerful sanctions regimes.

99 The challenge for Singapore's policymakers, regulators, and courts is therefore to ensure that the principles of legal certainty, commercial efficacy, financial inclusion, and sovereign autonomy continue to provide meaningful and coherent constraints on how sanctions risk is identified, assessed, and managed across the full spectrum of Singapore's legal and financial systems. Sanctions compliance, at its extremity, must not become a mechanism by which private actors effectively privatise foreign policy, exclude individuals and entities from the financial system beyond what domestic law requires, or undermine the contractual certainty upon which Singapore's standing as a global financial centre depends. Achieving this balance amongst multiple sovereigns (US OFAC, UK OFSI and the EU) – between openness to the world and fidelity to rule of law values – is, and will remain, the defining challenge of the Singapore sanctions regime.

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