

CONSULTATION PAPER

P009 - 2019

May 2019

Regulating Merchant Banks under the Banking Act

MAS

Monetary Authority of Singapore

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1 Preface

1.1 In June 2015, MAS announced that it will remove the divide between the Domestic Banking Unit (DBU) and the Asian Currency Unit (ACU). Banks and merchant banks (MBs) will no longer need to maintain two separate accounting units with effect from 1 October 2020.¹

1.2 MAS subsequently conducted a closed consultation with MBs in February 2019, on the proposed consequential amendments to MBs' regulatory requirements following the removal of the DBU-ACU divide. MAS thanks all respondents for their comments. We are considering the feedback received and will incorporate them into the relevant provisions, where appropriate.

1.3 In addition, MAS proposes to consolidate the regulation of MBs under the Banking Act (BA) upon removal of the DBU-ACU divide. MAS also proposes to move MBs to a licensing regime from the current approval framework under the Monetary Authority of Singapore Act (MAS Act). The draft legislative amendments to effect these proposals are set out in this consultation paper.

1.4 MAS invites interested parties to provide their views and comments on the proposed amendments in this paper.

Please note that all submissions received will be published and attributed to the respective respondents unless they expressly request MAS not to do so. As such, if respondents would like:

- (i) their whole submission or part of it (but not their identity), or**
- (ii) their identity along with their whole submission,**

to be kept confidential, please expressly state so in the submission to MAS. MAS will only publish non-anonymous submissions. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libellous or offensive.

¹ MAS communicated this timeline to banks and MBs when we issued the revised Notice 610/1003 reporting template on 29 March 2018.

1.5 Please submit written comments by 19 June 2019 to –

Prudential Policy Department
Monetary Authority of Singapore
10 Shenton Way, MAS Building
Singapore 079117
Fax: (65) 62203973
Email: Prudential_Policy_Dept@mas.gov.sg

1.6 Electronic submission is encouraged. We would appreciate that you use this [suggested format](#) for your submission to ease our collation efforts.

2 Consolidating Regulation of Merchant Banks under the BA

2.1 MBs are currently approved under section 28 of the MAS Act and governed by the Directives and Notices issued under the MAS Act. In addition, MBs' ACU operations are also subject to requirements under the BA pursuant to section 77 of the BA. With the removal of the DBU-ACU divide, section 77 of the BA will be repealed.

2.2 Given that the bulk of MBs' operations are in the ACU and currently regulated under the BA, MAS will consolidate the regulation of MBs under a new Part VIIB of the BA upon removal of the DBU-ACU divide. Existing Directives and Notices to MBs issued under section 28 of the MAS Act will accordingly be replaced by the proposed BA provisions, as well as Regulations and Notices issued under the BA.

2.3 The consolidation of MB regulation under the BA is not intended to introduce new requirements or modify existing ones, except for changes that have been previously communicated or under consultation with the MBs.

2.4 In general, the proposed requirements under the BA that apply to MBs are categorised as follows:

- (a) provisions in the BA that need to be substantially modified for MBs are set out entirely in the new Part VIIB; and
- (b) provisions in the BA that can largely be mirrored for MBs are incorporated by reference in the new Part VIIB.

In addition, we propose to amend provisions in other parts of the BA (e.g. the Miscellaneous provisions in Part IX) to make or remove references to MBs as appropriate.

2.5 A summary of the relevant BA sections applicable to MBs can be found in Annex B, while the detailed legislative amendments, including the new Part VIIB for MBs, are set out in Annex C. For completeness, Annex C also includes proposed BA amendments that were previously consulted in Aug 2015² and Feb 2019³.

² <http://www.mas.gov.sg/News-and-Publications/Consultation-Paper/2015/Consultation-Paper-On-Removing-the-DBU-ACU-Divide.aspx>

³ <http://www.mas.gov.sg/News-and-Publications/Consultation-Paper/2019/Consultation-Paper-on-Proposed-Amendments-to-the-Banking-Act.aspx>
<http://www.mas.gov.sg/News-and-Publications/Consultation-Paper/2019/Consultation-Paper-on-Outsourcing-by-Banks-and-Merchant-Banks.aspx>

We are still reviewing the feedback received for the Feb 2019 consultations and will respond separately.

Question 1. MAS seeks comments on the proposed BA amendments, including the new Part VIIB for MBs, set out in Annex C.

3 Licensing Merchant Banks under the BA

3.1 With the consolidation of MB regulation under the BA, MAS also proposes to move MBs from the current approval framework under the MAS Act, to a licensing regime under the BA. A licensing regime is appropriate as, like banks, MBs are subject to a formal set of prudential requirements.

3.2 Under the proposed licensing regime, regulatory requirements for MBs will continue to be calibrated to reflect the different business models and activities of MBs compared to banks.

Question 2. MAS seeks comments on the proposal to move from the current approval framework to a licensing regime for MBs.

Annex A

LIST OF QUESTIONS

Question 1. MAS seeks comments on the proposed BA amendments, including the new Part VIIB for MBs, set out in Annex C.6

Question 2. MAS seeks comments on the proposal to move from the current approval framework to a licensing regime for MBs.6

Annex B**RELEVANT SECTIONS IN THE BA FOR MERCHANT BANKS**

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Annex C**PROPOSED AMENDMENTS TO THE BA**

THIS VERSION OF THE BANKING ACT IS IN DRAFT FORM AND IS SUBJECT TO CLEARANCE BY THE ATTORNEY GENERAL'S CHAMBERS

Legend:

- 1) New BA amendments proposed in this consultation paper to regulate MBs under the BA are tracked in Red
- 2) Proposed BA amendments consulted in Feb 2019 are tracked in Orange
- 3) Proposed BA amendments consulted in Aug 2015 on removing the DBU-ACU divide for banks are tracked in Green

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(Original Enactment: Act 41 of 1970)

REVISED EDITION 2008

(31st March 2008)

An Act to provide for the licensing and regulation of the businesses of banks, merchant banks and related institutions, and the credit card and charge card business of banks, merchant banks and other institutions, and matters related thereto.

[Act 5 of 2016 wef 30/11/2018]

[1st January 1971]

PART I**PRELIMINARY****Short title**

1. This Act may be cited as the Banking Act.

Interpretation

2.—(1) In this Act, unless the context otherwise requires —

“agreement” means an agreement whether formal or informal and whether express or implied;

“Authority” means the Monetary Authority of Singapore established under the Monetary Authority of Singapore Act (Cap. 186);

“bank” means any company which holds a valid licence under section 7 or 79(1);

“bank in Singapore” means —

- (a) a bank incorporated in Singapore; or
- (b) in the case of a bank incorporated outside Singapore, the branches and offices of the bank located within Singapore;

“bank incorporated outside Singapore” means a bank incorporated, formed or established outside Singapore;

“banking business” means the business of receiving money on current or deposit account, paying and collecting cheques drawn by or paid in by customers, the making of advances to customers, and includes such other business as the Authority may prescribe for the purposes of this Act;

“book” includes any record, register, document or other record of information and any account or accounting record, however compiled, recorded or stored, whether in written, printed form or on microfilm or by electronic process or otherwise;

“business day” means any calendar day other than a Saturday, Sunday, public holiday or bank holiday;

“capital funds” means —

- (a) in the case of a bank incorporated in Singapore —
 - (i) in sections 31 and 33, its capital used for the purposes of complying with the capital adequacy requirements imposed under section 10; or
[Act 5 of 2016 wef 30/11/2018]
 - (ii) in other sections of the Act, the aggregate of its paid-up capital (excluding any amount represented by treasury shares) and its published reserves (excluding such reserves as the Authority may specify by notice in writing), deduction having been made for any loss appearing in the accounts of the bank; ~~or~~

(b) in the case of a bank incorporated outside Singapore or a merchant bank incorporated outside Singapore, such net head office funds and such other liabilities as the Authority may, by notice in writing, specify; or

(c) in the case of a merchant bank incorporated in Singapore, the aggregate of its paid-up capital (excluding any amount represented by treasury shares) and its published reserves (excluding such reserves as the Authority may specify by notice in writing), deduction having been made for any loss appearing in the accounts of the merchant bank;

“chief executive”, in relation to a company, means any person, by whatever name described, who —

- (a) is in the direct employment of, or acting for or by arrangement with, the company; and
- (b) is principally responsible for the management and conduct of the business of the company;

“company” means any company defined in any written law for the time being in force relating to companies, any company formed in pursuance of any Royal Charter or Letters Patent, and any company incorporated or registered under any written law in force in Singapore and includes any body corporate or unincorporate, whether incorporated, formed or established in or outside Singapore;

[Act 5 of 2016 wef 30/11/2018]

“corporation” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“credit facilities” means —

- (a) the granting by a bank or a merchant bank of advances, loans and other facilities whereby a customer of the bank or merchant bank, as the case may be, has access to funds or financial guarantees; or
- (b) the incurring by a bank or a merchant bank of other liabilities on behalf of a customer;

“director” includes any person occupying the position of director of a corporation by whatever name called and includes a person in accordance with whose directions or instructions the directors of a corporation are accustomed to act and an alternate or substitute director;

“employee” includes an individual seconded or temporarily transferred from another employer;

“executive officer”, in relation to a company, means any person, by whatever name described, who —

- (a) is in the direct employment of, or acting for or by arrangement with, the company; and
- (b) is concerned with or takes part in the management of the company on a day-to-day basis;

“financial holding company” means a company belonging to a class of financial institutions approved as financial holding companies under section 28 of the Monetary Authority of Singapore Act (Cap. 186);

“financial year” has the same meaning as in section 4(1) of the Companies Act;

“foreign company” has the same meaning as in section 4(1) of the Companies Act;

“foreign-owned bank incorporated in Singapore” means a bank incorporated in Singapore, the parent bank of which is incorporated outside Singapore;

“foreign-owned merchant bank incorporated in Singapore” means as merchant bank incorporated in Singapore, the parent bank of which is incorporated, formed or established outside Singapore;

“Guidelines on Fit and Proper Criteria” means the document by that title issued by the Authority and published on its website, as revised from time to time;

[Act 5 of 2016 wef 30/11/2018]

“licence” means —

(a) in the case of a bank, a licence granted or held under section 7 or 79(1); or

(b) in the case of a merchant bank, a licence granted or held under section- 55T or 79(2);

“limited liability partnership” has the same meaning as in section 2(1) of the Limited Liability Partnerships Act (Cap. 163A);

“merchant bank” means any merchant bank approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186) company which holds a valid licence under section 55T or 79;

[Act 5 of 2016 wef 30/11/2018]

“merchant bank in Singapore” means —

- (a) a merchant bank incorporated in Singapore; or
- (b) in the case of a merchant bank incorporated outside Singapore, the branches and offices of the merchant bank located within Singapore;

“merchant bank incorporated outside Singapore” means a merchant bank incorporated, formed or established outside Singapore;

“officer”, in relation to a corporation, includes —

- (a) a director, secretary or an employee of the corporation;
- (b) a receiver or manager of any part of the undertaking of the corporation appointed under a power contained in any instrument; and
- (c) the liquidator of the corporation appointed in a voluntary winding up;

“parent bank”, in relation to a bank or merchant bank, means a financial institution which is able to exercise a significant influence over the direction and management of the bank or merchant bank, as the case may be, or which has a controlling interest in the bank or merchant bank, as the case may be;

“parent supervisory authority” means —

- (a) in relation to a bank incorporated outside Singapore or a merchant bank incorporated outside Singapore, a supervisory authority which is responsible, under the laws of the country or territory where the bank or its parent bank, or the merchant bank or its parent bank, as the case may be, is incorporated, formed or established, for supervising the bank or its parent bank, or the merchant bank or its parent bank, as the case may be; or

[Act 5 of 2016 wef 30/11/2018]

- (b) in relation to a foreign-owned bank incorporated in Singapore or a foreign-owned merchant bank incorporated in Singapore, a supervisory authority which has consolidated supervision authority over the bank or merchant bank, as the case may be;

[Act 5 of 2016 wef 30/11/2018]

“partner” and “manager”, in relation to a limited liability partnership, have the respective meanings assigned to them in section 2(1) of the Limited Liability Partnerships Act;

“person” includes a corporation;

“place of business”, in relation to a bank or merchant bank, includes a head or main office, a branch, an agency, a mobile branch of the bank or merchant bank, as the case may be, any office established and maintained for a limited period only, and any other place used by the bank or merchant bank, as the case may be, for the conduct of any business of the bank or merchant bank, as the case may be;

[Act 5 of 2016 wef 30/11/2018]

“published reserves”, in relation to a bank or merchant bank, means reserves which appear in the accounts of the bank or merchant bank, as the case may be, which are duly audited or certified as correct by the auditor of the bank or merchant bank, as the case may be;

“qualifying subsidiary” means a company which is a subsidiary of a bank incorporated in Singapore where such bank meets the requirements under section 9(1);

“Registrar” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“related corporation”, in relation to a corporation, means a corporation that is deemed to be related to the first-mentioned corporation under section 6 of the Companies Act;

“representative office” means an office established by a person to carry out liaison work, market research or feasibility studies, in relation to banking business, for use by the person;

[Act 5 of 2016 wef 30/11/2018]

“savings account liabilities”, in relation to a bank, means the total deposits at that bank which normally require the presentation of passbooks for the deposit or withdrawal of moneys;

“share” has the same meaning as in section 4(1) of the Companies Act and includes an interest in a share;

“sight liabilities”, in relation to a bank, means the total deposits at the bank which are repayable on demand, but does not include savings account liabilities or the deposits of any other bank at the bank;

“subsidiary” has the same meaning as in section 5 of the Companies Act;

“substantial shareholder” has the same meaning as in section 81 of the Companies Act;

“time liabilities”, in relation to a bank, means the total deposits at the bank which are repayable otherwise than on demand, but does not include savings account liabilities or the deposits of any other bank at the bank;

“total number of issued shares”, in relation to a company, does not include treasury shares;

“treasury share” has the same meaning as in section 4(1) of the Companies Act.

[2/84; 21/96; 23/2001; 5/2005; 1/2007]

(2) Without prejudice to any other meaning which the word “insolvent” may have, a bank or a merchant bank, as the case may be, shall, for the purposes of this Act, be deemed to be insolvent if either it has ceased to pay its debts in the ordinary course of business or is unable to pay its debts as they become due.

PART II

APPOINTMENT OF ASSISTANTS

Appointment of assistants

3.—(1) Subject to subsection (1A), the Authority may appoint any person to exercise any of its powers or perform any of its functions or duties under this Act, either generally or in any particular case, except the power to make subsidiary legislation.

[23/2001; 1/2007]

(1A) The Authority may, by notification in the *Gazette*, appoint one or more of its officers to exercise the power to grant an exemption to any person (not being an exemption granted to a class of persons) under a provision of this Act specified in the Fourth Schedule, or to revoke any such exemption.

[1/2007]

(2) Any person appointed by the Authority under subsection (1) shall be deemed to be a public servant for the purposes of the Penal Code (Cap. 224).

[23/2001]

PART III

LICENSING OF BANKS

Licensing of banks

4.—(1) No banking business shall be transacted in Singapore except by a company which is in possession of a valid licence granted under section 7 or 79 of this Act by the Authority authorising it to conduct banking business in Singapore.

(1A) Notwithstanding subsection (1), a merchant bank in Singapore that is not in possession of a licence referred to in subsection (1) may transact banking business in Singapore where money received on a current or deposit account is not denominated in Singapore dollars.

(2) Subject to subsection (1A), ~~Any~~any person who contravenes this subsection ~~(1)~~ shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Restriction on deposit-taking business and soliciting deposits

4A.—(1) Subject to subsection (6), no person shall, in the course of carrying on (whether in Singapore or elsewhere) a deposit-taking business, accept in Singapore any deposit from any person in Singapore.

[23/2001]

(1A) Notwithstanding subsection (1), a merchant bank in Singapore may, in the course of carrying on (whether in Singapore or elsewhere) a deposit-taking business, accept in Singapore any deposit that is not denominated in Singapore dollars, from any person in Singapore.

(2) No person shall, whether in Singapore or elsewhere, offer or invite or issue any advertisement containing any offer or invitation to the public or any section of the public in Singapore —

- (a) to make any deposit, whether in Singapore or elsewhere; or
- (b) to enter or offer to enter into any agreement to make any deposit, whether in Singapore or elsewhere,

where such deposit is to be made with any person (not being a person specified in subsection (6)) in the course of the carrying on (whether in Singapore or elsewhere) of a deposit-taking business by that person.

[23/2001; 1/2007]

(2A) Notwithstanding subsection (2), a person may offer or invite or issue any advertisement containing any offer or invitation to the public or any section of the public in Singapore —

(a) to make any deposit that is denominated in foreign currency; or

(b) to enter or offer to enter into any agreement to make any deposit that is not denominated in Singapore dollars,

where such deposit is to be made with a merchant bank in Singapore in the course of the carrying on of a deposit-taking business by the merchant bank.

(3) For the purposes of subsection (2), in determining whether an offer, invitation or advertisement is made or issued to the public or any section of the public in Singapore, regard shall be had to such considerations as the Authority may prescribe.

[23/2001]

(4) Any person who contravenes ~~subsection (1) or (2)~~ this section shall be guilty of an offence and shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or

(b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(5) A person whose business it is to publish or to arrange for the publication of advertisements shall not be guilty of an offence under subsection (4) if he proves that —

(a) he received the advertisement for publication in the ordinary course of his business;

- (b) the matters contained in the advertisement were not, wholly or in part, devised or selected by him or by any person under his direction or control; and
- (c) he did not know and had no reason for believing that the publication of the advertisement would constitute an offence.

[23/2001]

(6) Without prejudice to section 76, subsection (1) shall not apply to —

- (a) any bank in Singapore;
- (b) any co-operative society registered as a credit society under the Co-operative Societies Act (Cap. 62);
- (c) any finance company licensed under the Finance Companies Act (Cap. 108);

[23/2008 wef 20/10/2008]

~~(d) any merchant bank;~~

[Act 5 of 2016 wef 30/11/2018]

~~(ed)~~ any person (other than a person referred to in paragraphs (a) to (d)) who is licensed, approved, authorised or otherwise empowered under any written law to accept deposits in Singapore in accordance with such law; and

~~(fe)~~ such other person or class of persons as the Authority may prescribe and subject to such conditions as may be prescribed by the Authority.

[23/2001]

(7) The fact that a deposit has been taken in contravention of this section shall not affect any civil liability in respect of the deposit or the money deposited.

[23/2001]

Application of section 4A

4B.—(1) For the purposes of section 4A, “advertisement” means the dissemination or conveyance of information, or invitation or solicitation by any means or in any form, including by means of —

- (a) publication in a newspaper, magazine, journal or other periodical;
- (b) display of posters or notices;
- (c) circulars, handbills, brochures, pamphlets, books or other documents;
- (d) letters addressed to individuals or bodies;
- (e) photographs or cinematograph films; or
- (f) sound broadcasting, television, the Internet or other media.

[23/2001]

(2) An advertisement containing information which is intended or might reasonably be presumed to be intended to lead, directly or indirectly, to the making of a deposit shall be treated as an advertisement referred to in section 4A.

[23/2001]

(3) Notwithstanding subsections (1) and (2), an advertisement issued outside Singapore shall not be treated as an advertisement for the purposes of section 4A(2) if it is made available —

- (a) in a newspaper, magazine, journal or other periodical published and circulating principally outside Singapore;
- (b) in a sound or television broadcast transmitted principally for reception outside Singapore; or
- (c) by any other means of broadcasting or communication principally for circulation or reception outside Singapore.

[23/2001]

(4) Subject to the provisions of this section, for the purposes of section 4A, “deposit” means —

- (a) a sum of money paid on terms —
 - (i) under which it will be repaid, with or without interest or a premium, or with any consideration in money or money’s worth, either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it; and
 - (ii) which are not referable to the provision of property or services or to the giving of security; and
- (b) such other product as may be prescribed.

[1/2007]

(4A) The Authority may, by regulations, exclude any product from the definition of “deposit” in subsection (4)(a).

[1/2007]

(5) For the purposes of subsection (4)(a)(ii), money is paid on terms which are referable to the provision of property or services or to the giving of security if, and only if —

- (a) it is paid by way of advance or part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services is or are not in fact sold, hired or otherwise provided;

- (b) it is paid by way of security for the performance of a contract or by way of security in respect of loss which may result from the non-performance of a contract; or
- (c) without prejudice to paragraph (b), it is paid by way of security for the delivery up or return of any property, whether in a particular state of repair or otherwise.

[23/2001; 1/2007]

(6) For the purposes of subsection (4), “deposit” does not include —

- (a) a sum paid by the Authority, any person referred to in section 4A(6)(a) to ~~(#c)~~, any merchant bank in Singapore or any insurer licensed under the Insurance Act (Cap. 142);

[Act 11 of 2013 wef 18/04/2013]

- (b) a sum paid by any moneylender licensed under the Moneylenders Act (Cap. 188);
- (c) a sum paid by one company to another at a time when one is a subsidiary of the other or both are subsidiaries of another company, or the same individual controls more than half of the voting power or holds more than half of the total number of issued shares in both of them;
- (d) a sum paid by a person who, at the time when it is paid, is a close relative of the person receiving it or who is, or is a close relative of, a director, controller or manager of that person; and
- (e) a sum paid by such person or class of persons as may be prescribed.

[23/2001; 1/2007]

(7) Subject to the provisions of this section, for the purposes of section 4A, a business is a deposit-taking business if —

- (a) in the course of the business, money received by way of deposit is lent to others; or
- (b) any ~~other~~ activity of the business is financed, ~~wholly or~~ to any material extent, out of the capital of or the interest on money received by way of deposit.

[23/2001]

(8) Notwithstanding that subsection (7)(a) or (b) applies to a business, it is not a deposit-taking business if the person carrying on the business —

- (a) does not hold himself out as accepting deposits on a day-to-day basis; and

- (b) does not accept deposits on a day-to-day basis, whether or not involving the issue of debentures or securities.

[23/2001]

- (9) For the purposes of subsection (7), all the activities which a person carries on by way of business shall be regarded as a single business carried on by him.

[23/2001]

- (10) In this section —

“close relative”, in relation to a person, means the spouse or a parent, remoter lineal ancestor or step-parent or a son, daughter, remoter issue, step-son or step-daughter or a brother or sister, of the person;

“controller” means a 12% controller or 20% controller as defined in section 15B(3);

“debentures” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“securities” has the same meaning as in section 2(1) of the Securities and Futures Act (Cap. 289).

[23/2001; 42/2001]

Examination of persons suspected of contravening section 4A and access to premises

4C.—(1) Whenever the Authority has reason to believe that a person has contravened or is contravening section 4A(1) or (2), the Authority shall at all times —

- (a) have full and free access to the premises at which that person is suspected of having committed or of committing the contravention, or at which that person may have books; and
- (b) have the power to examine, copy or take possession of the books of that person in order to ascertain whether or not that person has contravened or is contravening section 4A(1) or (2).

[23/2001; 1/2007]

(2) Any person who obstructs the Authority in the exercise of its powers under subsection (1) or fails without reasonable excuse to furnish such books in his possession as may be required by the Authority, shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$12,500 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding \$1,250

for every day or part thereof during which the offence continues after conviction; or

- (b) in any other case, to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction.

[23/2001; 1/2007]

Use of word “bank”

5.—(1) No person or body of persons, whether incorporated or not, other than a bank shall, without the written consent of the Authority —

- (a) use the word “bank” or any of its derivatives in any language, or any other word indicating it transacts banking business, in the name, description or title under which the person or body of persons is transacting business in Singapore; or
- (b) make or continue to make any representation to that effect in any bill head, letter paper, notice, advertisement or in any other manner.

(2) Subject to subsection (2B), nothing in this section shall prohibit the following persons or bodies of persons from using the word “bank” or any of its derivatives in any language, or any other word indicating the transaction of banking business, as a part of its name or title or in the description of its activities:

- (a) any representative office of a foreign company which is not a bank in Singapore if —
 - (i) the foreign company is licensed, registered, approved or otherwise regulated as a bank under the law of the foreign country or territory in which it is incorporated, formed or established; and
 - (ii) the following information is provided in every advertisement made by the representative office which is directed at the public or a section of the public in Singapore:
 - (A) the country or territory in which the foreign company is incorporated, formed or established; and
 - (B) the fact that the foreign company is licensed, registered, approved or otherwise regulated as a bank in that country or territory;
- (b) any central bank of a foreign country or territory;

- (c) any association of banks formed for the protection of common interests;
- (d) any related corporation of a bank in Singapore which does not carry on banking business in Singapore or elsewhere and which carries on any business referred to in section 30(1)(b), (c) or (d) if the word “bank” or any of its derivatives in any language, or any other word indicating the transaction of banking business —
 - (i) is used in a manner to indicate or represent that the corporation is a related corporation of the bank; and
 - (ii) is used together with any other word to indicate or represent that the related corporation is not a bank in Singapore;
- (e) any person or body of persons that does not transact banking business or the business of a financial institution in Singapore or elsewhere, if the word “bank” or any of its derivatives in any language, or any other word indicating the transaction of banking business, is used together with any other word to indicate or represent that the person or body of persons is not a bank in Singapore;
- (f) any merchant bank; and
- (g) such international financial institution as may be prescribed.

[Act 5 of 2016 wef 30/11/2018]

[1/2007]

(2A) Sections 4A(3) and 4B(1), (2) and (3) shall apply, with the necessary modifications, to an advertisement made by a representative office referred to in subsection (2)(a).

[1/2007]

(2B) If the Authority is satisfied that a person or body of persons to whom subsection (2) applies has misled or is likely to mislead the public or a section of the public as to whether the person or body of persons is a bank in Singapore, the Authority may, by notice in writing to the person or body of persons, direct the person or body of persons to cease —

- (a) using the word “bank” or any of its derivatives in any language, or any other word indicating the transaction of banking business, in the name, description or title under which the person or body of persons is transacting business in Singapore; and
- (b) making any representation to that effect in any bill head, letter paper, notice, advertisement or in any other manner,

from the date specified by the Authority in the notice, and subsection (1) shall apply to the person or body of persons as from that date.

[1/2007]

(2C) The Authority shall publish in the *Gazette* such particulars as it thinks fit in respect of every person or body of persons to whom a notice is issued under subsection (2B).

[1/2007]

(3) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$12,500 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding \$1,250 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Use of bank name, etc.

5A.—(1) No person shall, without the prior approval of the Authority, in the course of any profession, vocation, trade or business, use any name, logo or trade mark in a manner which indicates or represents that the person or his trade or business is related to or associated with a bank incorporated in Singapore or any of its subsidiaries which carries on a business referred to in section 30(1)(a), (b), (c) or (d).

[23/2001; 1/2007]

(2) No bank incorporated in Singapore shall cause or knowingly permit any person (other than a related corporation of the bank which carries on any business referred to in section 30(1)(a), (b), (c) or (d) or the financial holding company of the bank) to use its name, logo or trade mark in the course of the person's profession, vocation, trade or business without the prior approval of the Authority.

[23/2001; 1/2007]

(3) Any person who contravenes this section shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 and, in the case of a continuing offence, to a further fine not exceeding

\$12,500 for every day or part thereof during which the offence continues after conviction; or

- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(4) This section shall not apply, in relation to any bank incorporated in Singapore or any subsidiary of the bank referred to in subsection (1), to —

- (a) any related corporation of the bank which carries on a business referred to in section 30(1)(a), (b), (c) or (d) or the financial holding company of the bank;
- (b) any officer or agent of the bank or of any of its subsidiaries which carries on a business referred to in section 30(1)(a), (b), (c) or (d), in the conduct of any duty or function in or for the bank or the subsidiary, as the case may be;
- (c) any person carrying on a business referred to in section 30(1)(a), (b), (c) or (d) pursuant to any agreement or arrangement with the bank; and
- (d) such other person or class of persons as may be prescribed.

[23/2001; 1/2007]

(5) Nothing in this section shall prevent a person who lawfully uses any name, logo or trade mark in the manner referred to in subsection (1) before 18th July 2001^{*} from continuing to use the name, logo or trade mark in such manner for a period of 3 years from 18th July 2001.

^{*} Date of commencement of the Banking (Amendment) Act 2001 (Act 23 of 2001).

[23/2001]

Examination of persons suspected of transacting banking business and access to premises

6.—(1) Whenever the Authority has reason to believe that a person is transacting banking business without a licence, the Authority shall, at all times —

- (a) have full and free access to the premises at which that person is suspected of transacting banking business without a licence or at which that person may have books; and
- (b) have the power to examine, copy or take possession of the books of that person in order to ascertain whether or not that person has violated, or is violating, any of the provisions of this Act.

[2/84; 1/2007]

(2) Any refusal to allow full and free access to such premises or to submit such books shall be prima facie evidence of the fact of operation without a licence.

[2/84; 1/2007]

Application for licence or variation of condition as to banking business

7.—(1) A company which desires authority to carry on banking business in Singapore shall apply in writing to the Authority for a licence under this section and shall supply —

- (a) a copy of the memorandum of association and articles of association or other instrument under which the company is incorporated, duly verified by a statutory declaration made by a senior officer of the company;
- (b) a copy of the latest balance-sheet of the company; and
- (c) such other information as may be called for by the Authority.

(2) *[Deleted by Act 5 of 2016 wef 30/11/2018]*

(3) Upon receiving an application under subsection (1), the Authority shall consider the application and may, subject to section 9 or 9A, as the case may be, grant a licence, with or without conditions, or refuse to grant a licence.

[23/2001]

(4) The Authority may at any time vary or revoke any existing conditions of a licence or impose conditions or additional conditions thereto.

(4A) Without limiting the generality of subsections (3) and (4), the conditions that may be imposed include —

- (a) a condition as to the type of banking business that may be carried out; and
- (b) a condition placing limits on the banking business that may be carried out.

[Act 5 of 2016 wef 30/11/2018]

(5) The Authority shall, prior to any action under subsection (4) —

- (a) notify its intention to take that action to the bank concerned; and
- (b) give the bank an opportunity to submit reasons why the conditions of its licence should not be so varied or revoked.

(6) Where a licence is subject to conditions, the bank shall comply with those conditions.

(7) Any bank which fails to comply with any of the conditions of its licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues after conviction.

[2/84; 23/2001]

(8) A bank which desires to vary a condition referred to in subsection (4A) in its licence must apply to the Authority in writing, and the application must be accompanied by such information as the Authority may require.

[Act 5 of 2016 wef 30/11/2018]

(9) An application under subsection (1) or (8) must be accompanied by a non-refundable application fee of such amount as the Authority may, by notification in the *Gazette*, prescribe, which must be paid in the manner specified by the Authority.

[Act 5 of 2016 wef 30/11/2018]

(10) Any person who furnishes any document or information in connection with an application under subsection (1) or (8), knowing or reckless that the document or information is false or misleading in a material particular, shall be guilty of an offence and shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or

(b) in any other case, to a fine not exceeding \$250,000.

[Act 5 of 2016 wef 30/11/2018]

[Act 5 of 2016 wef 30/11/2018]

Licence fees

8.—(1) Every bank in Singapore shall pay such annual licence fee as the Authority may, by notification in the *Gazette*, prescribe.

(2) The Authority may prescribe different licence fees in respect of different classes or categories of banks and the fees shall apply uniformly to those classes or categories.

(3) The manner of payment of the licence fee shall be as specified by the Authority.

Minimum capital requirements

9.—(1) Subject to this Act, a bank shall not be granted a licence unless —

(a) in the case of a bank incorporated in Singapore, its paid-up capital is not less than \$1,500 million or such other amount as may be prescribed, and its capital funds are not less than that amount; or

(b) in the case of a bank incorporated outside Singapore its head office capital funds are not less than the equivalent of \$200 million.

[28/93; 21/96; 23/2001; 1/2007]
[Act 5 of 2016 wef 30/11/2018]

(2) Subject to subsection (2A), the paid-up capital and capital funds of a bank incorporated in Singapore must be denominated in Singapore dollars or any currency approved by the Authority, and must be in ordinary shares.

[Act 5 of 2016 wef 30/11/2018]

(2A) Any amount of paid-up capital or capital funds of a bank incorporated in Singapore above the amount referred to in subsection (1)(a) may be denominated in any currency, and may be in any type of shares.

[Act 5 of 2016 wef 30/11/2018]

(3) A bank incorporated in Singapore shall not reduce its paid-up capital, or purchase or otherwise acquire shares issued by the bank if such shares are to be held as treasury shares, without the approval of the Authority.

[1/2007]

(3A) A bank must at all times maintain —

- (a) if it is a bank incorporated in Singapore, capital funds of not less than the amount referred to in subsection (1)(a); or
- (b) if it is a bank incorporated outside Singapore, head office capital funds of not less than the equivalent of the amount referred to in subsection (1)(b).

[Act 5 of 2016 wef 30/11/2018]

(4) Any bank which fails to comply with any requirement under subsection (2) or (3A) shall immediately notify the Authority.

[23/2001]

[Act 5 of 2016 wef 30/11/2018]

(5) Where a bank fails to comply with any provision of this section, the Authority may, without prejudice to subsection (5A), by notice in writing to the bank —

- (a) restrict or suspend the operations of the bank; or
- (b) give such directions to the bank as the Authority considers appropriate, and the bank shall comply with such directions.

[23/2001]

[Act 5 of 2016 wef 30/11/2018]

(5A) Any bank which fails to comply with —

- (a) subsection (2), (3), (3A) or (4); or
- (b) any restriction or suspension imposed by the Authority, or any direction of the Authority, under subsection (5),

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

(6) In this section —

“head office capital funds”, in relation to a bank incorporated outside Singapore, means the aggregate of its paid-up capital (or its equivalent recognised by the Authority as applicable to the bank under the laws of the country or territory in which the bank is incorporated, formed or established) and its published reserves (excluding such reserves as the Authority may specify in writing), deduction having been made for any loss appearing in the accounts of the bank;

“paid-up capital” does not include any amount that is represented by treasury shares.

[1/2007]

Capital requirements for qualifying subsidiaries

9A.—(1) Notwithstanding section 9, a company incorporated in Singapore which is a qualifying subsidiary may be granted a licence under section 7 if —

(a) *[Deleted by Act 5 of 2016 wef 30/11/2018]*

(b) its paid-up capital is not less than \$100 million.

[23/2001; 1/2007]

[Act 5 of 2016 wef 30/11/2018]

(2) A bank which is a qualifying subsidiary shall not reduce its paid-up capital, or purchase or otherwise acquire shares issued by the bank if such shares are to be held as treasury shares, without the approval of the Authority.

[1/2007]

(3) A bank which is a qualifying subsidiary shall maintain capital funds of not less than \$100 million unless the Authority approves otherwise.

[23/2001; 1/2007]

(3A) Subject to subsection (3B), the paid-up capital and capital funds of a bank which is a qualifying subsidiary must be denominated in Singapore dollars or any currency approved by the Authority, and must be in ordinary shares.

[Act 5 of 2016 wef 30/11/2018]

(3B) Any amount of paid-up capital or capital funds of a bank which is a qualifying subsidiary above the amount referred to in subsection (1)(b), or such other amount as may be prescribed by the Authority in substitution, may be denominated in any currency, and may be in any type of shares.

[Act 5 of 2016 wef 30/11/2018]

(4) The Authority may, in its discretion, on application by any bank, exempt that bank from subsection (1)(a) subject to such conditions as the Authority may impose, and in such event, the other provisions of this section shall continue to apply to that bank notwithstanding that it may no longer be a qualifying subsidiary.

[23/2001]

(5) Any bank which fails to comply with any requirement under subsection (3) or (3A) shall immediately notify the Authority.

[23/2001]

[Act 5 of 2016 wef 30/11/2018]

(6) Where a bank fails to comply with any provision of this section or any condition imposed by the Authority under this section, the Authority may, without prejudice to subsection (6A), by notice in writing to the bank —

- (a) restrict or suspend the operations of the bank; or
- (b) give such directions to the bank as it considers appropriate and the bank shall comply with such directions.

[23/2001]

[Act 5 of 2016 wef 30/11/2018]

(6A) Any bank which fails to comply with —

- (a) subsection (2), (3), (3A) or (5); or
- (b) any restriction or suspension imposed by the Authority, or any direction of the Authority, under subsection (6),

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

(7) In this section, “paid-up capital” does not include any amount that is represented by treasury shares.

[1/2007]

Risk-based capital requirements

10.—(1) The Authority may, by notice in writing, require any bank in Singapore or class of banks in Singapore to maintain capital funds in Singapore of such amount (not being less than the minimum prescribed in section 9 or 9A, as the case may be) and in such manner as the Authority considers appropriate, having regard to the risks arising from the activities of the bank or class of banks, as the case may be, and such other factors as the Authority considers relevant.

[23/2001]

(2) The Authority may, by notice in writing to any bank incorporated in Singapore or any class of banks incorporated in Singapore, impose capital adequacy requirements on them.

[Act 5 of 2016 wef 30/11/2018]

(2A) Without limiting the generality of subsection (2), a notice under that subsection may prescribe —

- (a) the appropriate level (which may be expressed in the form of a ratio) and quality of capital that is commensurate with the type, amount and concentration of risk of the bank or class of banks;
- (b) the manner and process for calculating the level or quality of capital of each bank;
- (c) the internal processes of each bank in assessing the adequacy of its level and quality of capital, having regard to the risks arising from the activities of the bank and such other factors as the Authority considers relevant;
- (d) the reports to be submitted by each bank; and
- (e) restrictions on the distributions by a bank of dividends, bonuses, commissions, payments as a result of a buyback of shares, and any other payment, in the event that it fails to maintain the level or quality of capital prescribed under paragraph (a).

[Act 5 of 2016 wef 30/11/2018]

(3) The Authority may, if it considers appropriate in the particular circumstances of a bank incorporated in Singapore, having regard to the risks arising from the activities of the bank and such other factors as the Authority considers relevant, vary any capital adequacy requirement imposed by a notice under subsection (2) on that bank.

[23/2001]

[Act 5 of 2016 wef 30/11/2018]

(4) Without prejudice to subsection (5), the Authority may restrict or suspend the operations of a bank which fails to comply with a notice under subsection (1) or (2).

[Act 5 of 2016 wef 30/11/2018]

(5) A bank which fails to comply with —

- (a) a notice under subsection (1) or (2); or
- (b) any restriction or suspension imposed by the Authority under subsection (4),

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding

\$25,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

Leverage ratio requirement

10A.—(1) The Authority may, by notice in writing, ~~to require~~ any bank incorporated in Singapore or any class of banks incorporated in Singapore, ~~to maintain a minimum~~ impose leverage requirements on them. ~~ratio of a specified percentage, and to carry out other acts relating to this.~~

(2) Without limiting the generality of subsection (1), a notice under that subsection may prescribe — ~~the manner of and process for calculating the leverage ratio.~~

- (a) ~~the minimum leverage ratio to be maintained by the bank or class of banks;~~
- (b) ~~the manner of and process for calculating the leverage ratio;~~
- (c) ~~additional leverage ratio to be imposed on the bank or class of banks; and~~
- (d) ~~restrictions on the distributions by a bank of dividends, bonuses, commissions, payments as a result of a buyback of shares, and any other payment, in the event that the bank fails to comply with a requirement prescribed under subsection (a), (b) or (c).~~

(3) The Authority may, if it considers appropriate, in the particular circumstances of a bank incorporated in Singapore, having regard to the risks arising from the activities of the bank and such other factors that the Authority considers relevant, vary any leverage requirement imposed by a notice under subsection (1) on that bank. ~~Where the Authority issues a notice under subsection (1) to a class of banks incorporated in Singapore, the Authority may by another notice—~~

- ~~(a)—impose additional leverage ratio on the class of banks;~~
- ~~(b)—impose restrictions on distributions by a bank of dividends, bonuses, commissions, payments as a result of a buyback of shares, and any other payment, in the event that the bank fails to comply with a requirement imposed under subsection (1); or~~
- ~~(c)—vary the requirements for different banks within that class having regard to the risks arising from the activities of each bank, the financial soundness of each bank, and such other factors as the Authority may consider relevant.~~

(4) Any bank which fails to comply with a notice under subsection (1) ~~or (3)~~ shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

(5) In this section and section 10B, “leverage ratio” means the ratio of the capital to the exposures of the bank.

[Act 5 of 2016 wef 30/11/2018]

Public disclosure requirement

10B.—(1) For the purposes of enhancing market discipline, the Authority may, by notice in writing to a bank in Singapore or a class of banks in Singapore, require —

- (a) the bank or each bank in the class to disclose to the public, in the form and manner specified by the Authority, any information relating to its operations and activities, and the manner it complies with any provision of this Act or a notice or direction issued under this Act; or
- (b) the bank or each bank in the class, if incorporated in Singapore, to disclose to the public, in the form and manner specified by the Authority, any information relating to the operations and activities of any entity in its bank group within the meaning of section 48AA.

(2) Without limiting the generality of subsection (1), a notice under that subsection may require a bank to disclose one or more of the following information of the bank or an entity in the bank group of the bank (as the case may be):

- (a) its risk profile and risk management process;
- (b) aspects of its corporate governance;
- (c) its capital adequacy, including various components used to calculate its capital adequacy;
- (d) its leverage ratio;
- (e) the manner it complies with any requirement imposed on it under sections 38 and 38A (if applicable);
- (f) the aggregation of —
 - (i) its assets, liabilities, profits or losses, and any other information whether or not on its balance-sheet; and
 - (ii) the assets, liabilities, profits or losses, and any other information whether or not on the balance-sheet or balance-

sheets, of all or any of its related corporations, and the entities in which it holds, directly or indirectly, a major stake as defined in section 32(7).

(3) Any bank which fails to comply with a notice under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

(4) Any bank which, in purported compliance with a notice under subsection (1), provides to the public any information, knowing or reckless that the information is false or misleading in a material particular, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

(5) Where a bank is guilty of an offence under subsection (3) or (4), any individual charged with the duty of securing the bank's compliance with the notice and was in the position to discharge that duty, shall also be guilty of an offence and shall be liable on conviction —

- (a) if the individual committed the offence wilfully, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or
- (b) if the individual did not commit the offence wilfully, to a fine not exceeding \$125,000.

[Act 5 of 2016 wef 30/11/2018]

Foreign government-owned banks

11. *[Repealed by Act 1 of 2007]*

Appeal to Minister

11A. Any applicant who is aggrieved by the refusal of the Authority to grant a licence under section 7(3) may, within 30 days of the decision of the Authority, appeal in writing to the Minister whose decision shall be final and shall be given effect to by the Authority.

[28/93; 23/2001; 1/2007]

New place of business and change of location of existing place of business

12.—(1) Except with the approval of the Authority, a bank must not —

- (a) open a new place of business in Singapore for the conduct of any business referred to in subsection (2);

- (b) change the location of an existing place of business in Singapore for the conduct of any business referred to in subsection (2); or
- (c) conduct any business referred to in subsection (2) from the new place of business referred to in paragraph (a) or the relocated place of business referred to in paragraph (b).

(2) Subsection (1) applies to the following businesses:

- (a) the dispensing or acceptance of money on account;
- (b) the conduct of other banking business;
- (c) such business referred to in section 30(1)(b) to (e) as may be prescribed.

(3) Except with the approval of the Authority, a bank incorporated in Singapore must not open a new branch, agency or office in a place outside Singapore.

(4) An application for approval under subsection (1) or (3) must be made in such form and manner as the Authority may specify.

(5) On receiving an application, the Authority may —

- (a) approve the application, with or without conditions; or
- (b) reject the application.

(6) The Authority may at any time vary or revoke any existing condition, or impose conditions or additional conditions.

(7) A bank which contravenes subsection (1) or (3), or fails to comply with any condition imposed under subsection (5) or (6), shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

Fees to be paid in respect of branches of banks

13.—(1) The Authority may, from time to time by notification in the *Gazette*, specify the annual licence fees which banks in Singapore shall pay for each of their branches.

(2) The manner of payment shall be as specified by the Authority.

Registration of representative office

13A.—(1) A person must not establish or operate a representative office in Singapore that is not registered with the Authority.

(2) Any person who desires to establish or operate a representative office must

- (a) apply in writing to the Authority for registration of the office;
- (b) furnish such information or documents as the Authority may require; and
- (c) pay the Authority in the manner specified by the Authority, a non-refundable fee of such amount as the Authority may, by notification in the *Gazette*, prescribe.

(3) On receiving an application under subsection (2), the Authority is to consider the application, and may register the representative office, with or without conditions, or refuse to register the representative office.

(4) The Authority may at any time vary or revoke any existing condition of registration, or impose conditions or additional conditions of registration.

(5) A registered person must furnish such information or documents in relation to its representative office as the Authority may require from time to time, within such time as the Authority may specify.

(6) The Authority may cancel the registration of a representative office if the registered person contravenes —

- (a) any condition of registration imposed by the Authority; or
- (b) any provision of this Act.

(7) Any person who contravenes subsection (1) or (5), fails to comply with any condition of registration imposed by the Authority under subsection (3) or (4), or operates a representative office which has had its registration cancelled by the Authority under subsection (6), shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part of a day during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

(8) Any person who furnishes any document or information under subsection (2)(b) or (5), knowing or reckless that the document or information is false or

misleading in a material particular, shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or
- (b) in any other case, to a fine not exceeding \$250,000.

(9) Where —

- (a) before the date of commencement of section 10 of the Banking (Amendment) Act 2016, a person notifies the Authority in writing of the person's intention to establish a representative office in Singapore; and
- (b) either —
 - (i) before that date; or
 - (ii) if before that date the Authority, on the person's request, set a later date for the person to establish and commence operating the representative office in Singapore, by that later date,

the person established and commenced operating the representative office in Singapore,

then that representative office is taken to be registered under this section for the purposes of the establishment (if applicable) and operation of that representative office in Singapore on or after the firstmentioned date.

(10) A registration under subsection (9) is subject to such conditions as the Authority may at any time by notice in writing impose on the person referred to in that subsection.

(11) Subsections (4) to (8) apply in relation to a representative office that is taken as registered under subsection (9).

[Act 5 of 2016 wef 30/11/2018]

Mergers

14.—(1) A bank incorporated in Singapore shall not be merged or consolidated with, or be taken over by, any other body corporate or unincorporate without the prior written approval of the Minister.

[23/2001]

(2) The Minister may approve an application made under subsection (1) if —

- (a) the Authority is satisfied that —

- (i) the body corporate or unincorporate is a fit and proper person or body of persons; and
- (ii) having regard to the likely influence of the body corporate or unincorporate, the business of the bank will be or will continue to be conducted prudently and the provisions of this Act will be or will continue to be complied with in relation to such business; and

(b) the Minister is satisfied that it is in the national interest to do so.

[1/2007]

(2A) The parties to a proposed merger or consolidation, in respect of which an application is made under this section, shall furnish such information as the Minister or the Authority may require for the purposes of subsection (2).

[1/2007]

(3) Without prejudice to the generality of subsection (1), for the purposes of this section, a bank shall be deemed to be merged with a body corporate or unincorporate if the bank or its shareholders enter into any agreement or arrangement under which all or substantially all of the business of the bank is to be managed, and under which the shareholders of the bank will be accorded rights, as if the bank has been merged with such body corporate or unincorporate, as the case may be.

[23/2001]

(4) Any person which contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

[Act 5 of 2016 wef 30/11/2018]

(5) Any person who in purported compliance with any requirement under subsection (2A), furnishes any information, knowing or reckless that the information is false or misleading in a material particular, shall be guilty of an offence and shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or

(b) in any other case, to a fine not exceeding \$250,000.

[Act 5 of 2016 wef 30/11/2018]

Approval by Minister for merger of certain banks

14A.—(1) Subject to this section and section 14B, on the joint application of a bank and one or more banks which are wholly-owned subsidiaries of that bank, the Minister may approve the merger of those banks and issue a certificate of approval.

[28/93]

(2) The issue of a certificate of approval by the Minister under subsection (1) merges the banks that are parties to the merger agreement on which the application for the certificate of approval is based.

[28/93]

(3) Where a certificate of approval is issued under subsection (1) merging the banks, the merger shall for all purposes be deemed to have occurred and to be effective on the date mentioned in subsection (4).

[28/93]

(4) A certificate of approval issued under subsection (1) shall have no force or effect until a copy of the certificate and the merger agreement on which it is issued is lodged with the Registrar of Companies, and upon being so lodged the certificate shall take effect on and from the date of lodgment.

[28/93]

(5) No application to the Minister for a certificate of approval merging 2 or more banks may be made under subsection (1) unless —

- (a) the merger is between a bank and one or more banks which are wholly owned subsidiaries of that bank;
- (b) the banks proposing to merge have entered into a merger agreement; and
- (c) the application for the certificate of approval is made within 2 weeks from the date of execution of the merger agreement referred to in paragraph (b).

[28/93; 23/2001]

(6) Where a certificate of approval is issued under subsection (1) merging the banks, those banks shall publish a notice of the approval of the merger at least once in a local Malay, English, Chinese and Tamil language daily newspaper within one week from the date of the certificate of approval.

[28/93]

(7) For the avoidance of doubt, it is hereby declared that sections 210 and 212 of the Companies Act (Cap. 50) shall not apply to the banks which have jointly applied for a certificate of approval under subsection (1).

[28/93]

Condition for issue of certificate of approval

14B.—(1) The Minister shall not issue a certificate of approval under section 14A unless the application thereof is supported by satisfactory evidence that the applicants have complied with the requirements of that section in relation to the merger.

[28/93]

(2) Nothing in this Act shall be construed as precluding the Minister from refusing to issue or approve the issue of any certificate of approval under section 14A and any decision of the Minister under that section shall be final and shall not be called in question in any court.

[28/93]

Effect of merger

14C. As from the date mentioned in section 14A(4), the provisions set out in the Second Schedule shall have effect and shall apply to the banks that are parties to the merger agreement on which a certificate of approval is issued under section 14A(1).

[28/93]

Application and interpretation of sections 15A to 18

15.—(1) This section and sections 15A to 18 shall apply to, and in relation to, all individuals whether resident in Singapore or not and whether citizens of Singapore or not, and to all bodies corporate or unincorporate, whether incorporated or carrying on business in Singapore or not.

[23/2001]

(2) In sections 15A to 18, unless the context otherwise requires —

“arrangement” includes any formal or informal scheme, arrangement or understanding, and any trust whether express or implied;

“designated financial institution” means —

- (a) a bank incorporated in Singapore; or
- (b) a financial holding company;

“voting share” has the same meaning as in section 4(1) of the Companies Act (Cap. 50).

[23/2001]

Control of substantial shareholdings in designated financial institutions

15A.—(1) No person shall, on or after 18th July 2001^{*}, become a substantial shareholder of a designated financial institution without first obtaining the approval of the Minister.

^{*} Date of commencement of the Banking (Amendment) Act 2001 (Act 23 of 2001).

[23/2001]

(2) Subject to section 15C(4), no person who, immediately before 18th July 2001, is a substantial shareholder of a designated financial institution shall continue to be such a shareholder unless he has, within 6 months after 18th July 2001 or such

longer period as the Minister may allow, applied to the Minister for approval to continue to be such a shareholder.

[23/2001]

(3) No person shall, on or after 18th July 2001, enter into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the acquisition, holding or disposal of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of 5% or more of the total votes attached to all voting shares in a designated financial institution, without first obtaining the approval of the Minister.

[23/2001; 21/2005]

(4) Subject to section 15C(4), no person who, at any time before 18th July 2001, has entered into any agreement or arrangement referred to in subsection (3) shall continue to be a party to such an agreement or arrangement unless he has, within 6 months after 18th July 2001 or such longer period as the Minister may allow, applied to the Minister for approval to continue to be a party to such an agreement or arrangement.

[23/2001]

(5) For the purposes of this section, a person has an interest in any share if —

- (a) he is deemed to have an interest in that share under section 7 of the Companies Act (Cap. 50); or
- (b) he otherwise has a legal or an equitable interest in that share except for such interest as is to be disregarded under section 7 of the Companies Act.

[23/2001]

Control of shareholdings and voting power in designated financial institutions

15B.—(1) No person shall, on or after 18th July 2001, become —

- (a) a 12% controller;
- (b) a 20% controller; or
- (c) an indirect controller,

of a designated financial institution without first obtaining the approval of the Minister.

[23/2001]

(2) Subject to section 15C(4), no person who, immediately before 18th July 2001, is —

- (a) a 12% controller;
- (b) a 20% controller; or

(c) an indirect controller,

of a designated financial institution shall continue to be such a controller unless he has, within 6 months after 18th July 2001 or such longer period as the Minister may allow, applied to the Minister for approval to continue to be such a controller.

[23/2001]

(3) In subsections (1)(a) and (b) and (2)(a) and (b) —

“12% controller” means a person, not being a 20% controller, who alone or together with his associates —

- (a) holds not less than 12% of the total number of issued shares in the designated financial institution; or
- (b) is in a position to control voting power of not less than 12% in the designated financial institution;

“20% controller” means a person who, alone or together with his associates —

- (a) holds not less than 20% of the total number of issued shares in the designated financial institution; or
- (b) is in a position to control voting power of not less than 20% in the designated financial institution.

[23/2001; 21/2005]

(4) For the purposes of subsection (3) —

(a) a person holds a share if —

- (i) he is deemed to have an interest in that share under section 7(6) to (10) of the Companies Act (Cap. 50); or
- (ii) he otherwise has a legal or an equitable interest in that share except for such interest as is to be disregarded under section 7(6) to (10) of the Companies Act;

(b) a reference to the control of a percentage of the voting power in a designated financial institution is a reference to the control, whether direct or indirect, of that percentage of the total number of votes that might be cast in a general meeting of the designated financial institution; and

(c) a person, *A*, is an associate of another person, *B*, if —

- (i) A is the spouse or a parent, remoter lineal ancestor or step-parent or a son, daughter, remoter issue, step-son or step-daughter or a brother or sister, of B;
- (ii) A is a body corporate that is, or a majority of the directors of which are, accustomed or under an obligation whether formal or informal to act in accordance with the directions, instructions or wishes of B;
[Act 35 of 2014 wef 01/07/2015]
- (iii) *[Deleted by Act 35 of 2014 wef 01/07/2015]*
- (iv) A is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B;
- (v) A is a subsidiary of B;
[Act 35 of 2014 wef 01/07/2015]
- (vi) *[Deleted by Act 35 of 2014 wef 01/07/2015]*
- (vii) A is a body corporate in which B, alone or together with other associates of B as described in paragraphs (ii), (iv) and (v), is in a position to control not less than 20% of the voting power in A; or
[Act 35 of 2014 wef 01/07/2015]
- (viii) *[Deleted by Act 35 of 2014 wef 01/07/2015]*
- (ix) A is a person with whom B has an agreement or arrangement, whether oral or in writing and whether express or implied, to act together with respect to the acquisition, holding or disposal of shares or other interests in, or with respect to the exercise of their voting power in relation to, the designated financial institution.
[23/2001]

(5) In subsections (1)(c) and (2)(c), “indirect controller” means any person, whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in a designated financial institution —

- (a) in accordance with whose directions, instructions or wishes the directors of the designated financial institution are accustomed or under an obligation, whether formal or informal, to act; or

- (b) who is in a position to determine the policy of the designated financial institution,

but does not include any person —

- (i) who is a director or other officer of the designated financial institution whose appointment has been approved by the Authority; or
- (ii) in accordance with whose directions, instructions or wishes the directors of the designated financial institution are accustomed to act by reason only that they act on advice given by him in his professional capacity.

[23/2001]

Approval of applications

15C.—(1) The Minister may approve an application made by any person under section 15A or 15B if —

- (a) the Authority is satisfied that —
 - (i) the person is a fit and proper person; and
 - (ii) having regard to the likely influence of the person, the designated financial institution will or will continue to conduct its business prudently and comply with the provisions of this Act; and

- (b) the Minister is satisfied that it is in the national interest to do so.

[1/2007]

(2) Any approval under this section may be granted to any person subject to such conditions as the Minister may determine, including but not limited to any condition —

- (a) restricting the person's disposal or further acquisition of shares or voting power in the designated financial institution; or
- (b) restricting the person's exercise of voting power in the designated financial institution.

[23/2001]

(2A) The Minister may at any time add to, vary or revoke any condition imposed under subsection (2).

[1/2007]

(3) Any condition imposed under subsection (2) shall have effect notwithstanding any of the provisions of the Companies Act (Cap. 50) or anything

contained in the memorandum or articles of association of the designated financial institution.

[23/2001]

(4) Where the Minister disapproves an application made by any person under section 15A(2) or (4) or 15B(2), the person shall, within such time as the Minister may specify, take such steps as are necessary —

- (a) in the case of section 15A(2), to cease to be a substantial shareholder;
- (b) in the case of section 15A(4), to cease to be a party to the agreement or arrangement; or
- (c) in the case of section 15B(2), to cease to be —
 - (i) a 12% controller;
 - (ii) a 20% controller; or
 - (iii) an indirect controller,as the case may be.

[23/2001]

(5) Notwithstanding the repeal of sections 15, 16 and 17 in force immediately before 18th July 2001, the following approvals granted by the Authority before that date shall continue and be deemed to be approvals granted by the Minister under this section, subject to such additional conditions as the Minister may at any time by notice in writing, impose:

- (a) any approval or condition imposed in relation thereto under the repealed section 15(2) shall be deemed to be an approval granted or a condition imposed under this section as if an application for approval had been made under section 15B(2)(b);
- (b) any approval or condition imposed in relation thereto under the repealed section 16(1) shall be deemed to be an approval granted or a condition imposed under this section as if an application for approval had been made under section 15B(2)(c); or
- (c) any approval or condition imposed in relation thereto under the repealed section 17(1) shall be deemed to be an approval granted or a condition imposed under this section as if an application for approval had been made under section 15A(2).

[23/2001]

Power to exempt and make further transitional provisions

15D. The Minister may, by order published in the *Gazette* —

- (a) exempt —

- (i) any person or class of persons; or
- (ii) any class or description of shares or interests in shares, from section 15A or 15B, subject to such terms and conditions as may be specified in the order; and
- (b) make such further transitional provisions as he considers necessary or expedient for the purposes of section 15A, 15B or 15C.

[23/2001]

Objection to existing control of designated financial institutions, and notification of Authority of contravention, etc.

15E.—(1) The Minister may serve a written notice of objection on any person referred to in section 15A or 15B if —

- (a) the Minister is satisfied that —
 - (i) any condition of approval imposed on the person under section 15C has not been complied with;
 - (ii) it is no longer in the national interest to allow the person to continue to be a party to the agreement or arrangement described in section 15A(3) or (4), or to continue to be a substantial shareholder, a 12% controller, a 20% controller or an indirect controller, as the case may be;
 - (iii) the person has furnished any false or misleading information or document in connection with an application under section 15A or 15B; or
 - (iv) he would not have granted his approval under section 15C had he been aware, at that time, of circumstances relevant to the person's application for such approval; or
- (b) the Authority is satisfied that —
 - (i) the person ceases to be a fit and proper person;
 - (ii) having regard to the likely influence of the person, the designated financial institution is no longer likely to conduct its business prudently or to comply with the provisions of this Act; or
 - (iii) it would not have been satisfied as to any of the matters specified in section 15C(1)(a) had it been aware, at that

time, of circumstances relevant to the person's application under section 15A or 15B.

[1/2007]

(2) Before the service of a written notice of objection, the Minister shall, unless he decides that it is not practicable or desirable to do so, cause to be given to the person concerned notice in writing of his intention to serve the written notice of objection, specifying a date by which the person may make written representations with regard to the proposed written notice of objection.

[23/2001]

(3) Upon receipt of any written representations, the Minister shall consider them for the purpose of determining whether to issue a written notice of objection.

[23/2001]

(4) The Minister shall, in any written notice of objection, specify a reasonable period within which the person to be served the written notice of objection shall —

- (a) take such steps as are necessary to ensure that he ceases to be a party to the agreement or arrangement described in section 15A(3) or (4), or ceases to be a substantial shareholder, a 12% controller, a 20% controller or an indirect controller as defined in section 15B(3) and (5), as the case may be; or
- (b) comply with such direction or directions as the Minister may make under section 16.

[23/2001]

(5) Any person served with a written notice of objection under this section shall comply with the notice.

[23/2001]

(6) A designated financial institution must immediately inform the Authority after the institution becomes aware that —

- (a) a person has contravened section 15A(1) or (3) or 15B(1) in relation to the institution;
- (b) a person is, in accordance with the Guidelines on Fit and Proper Criteria, not a fit and proper person to be a substantial shareholder, a 12% controller, a 20% controller or an indirect controller of the institution; or
- (c) the institution is not likely to be able to conduct its business prudently or to comply with the provisions of this Act having regard to the likely influence over the institution of a substantial shareholder, a 12% controller, a 20% controller or an indirect controller of the institution.

[Act 5 of 2016 wef 30/11/2018]

(7) A designated financial institution which fails to comply with subsection (6) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

[Act 5 of 2016 wef 30/11/2018]

(8) In this section, “12% controller”, “20% controller” and “indirect controller” have the meaning given to those expressions in section 15B.

[Act 5 of 2016 wef 30/11/2018]

[Act 5 of 2016 wef 30/11/2018]

Power to make directions

16.—(1) Without prejudice to section 17, if the Minister is satisfied that any person has contravened section 15A, 15B, 15C(4) or 15E(5) or has failed to comply with any condition imposed under section 15C(2) or (5), or if the Minister has served a written notice of objection under section 15E, the Minister may, by notice in writing —

- (a) direct the transfer or disposal of all or any of the shares in the designated financial institution held by the person or any of his associates (referred to in this section as the specified shares) within such time or subject to such conditions as the Minister considers appropriate;
- (b) restrict the transfer or disposal of the specified shares; or
- (c) make such other direction as the Minister considers appropriate.

[23/2001]

(2) Any person to whom a notice is given under subsection (1) shall comply with such direction or directions as may be specified in the notice.

[23/2001]

(3) In the case of any direction made under subsection (1)(a) or (b), until a transfer or disposal is effected in accordance with the direction or until the restriction on the transfer or disposal is removed, as the case may be, notwithstanding any of the provisions of the Companies Act (Cap. 50) or anything contained in the memorandum or articles of association of the designated financial institution —

- (a) no voting rights shall be exercisable in respect of the specified shares unless the Minister expressly permits such rights to be exercised;
- (b) no shares of the designated financial institution shall be issued or offered (whether by way of rights, bonus or otherwise) in respect of the specified shares unless the Minister expressly permits such issue or offer; and

- (c) except in a liquidation of the designated financial institution, no payment shall be made by the designated financial institution of any amount (whether by way of dividends or otherwise) in respect of the specified shares unless the Minister expressly authorises such payment.

[23/2001]

- (4) In this section, “associate” has the same meaning as in section 15B(4)(c).

[23/2001]

Offences, penalties and defences

17.—(1) Any person who contravenes section 15A, 15B(1)(a) or (2)(a) or 15C(4)(a), (b) or (c)(i) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(2) Any person who contravenes section 15B(1)(b) or (c), (2)(b) or (c), 15C(4)(c)(ii) or (iii), 15E(5) or 16(2), or who fails to comply with any condition imposed under section 15C(2) or (5), shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(3) Where a person is charged with an offence in respect of a contravention of section 15A or 15B, it shall be a defence for the person to prove that —

- (a) he was not aware that he had contravened section 15A or 15B, as the case may be; and

- (b) he has, within 14 days of becoming aware that he had contravened section 15A or 15B, as the case may be, notified the Minister of the contravention and, within such time as determined by the Minister, taken such actions in relation to his shareholding or control of the voting power in the designated financial institution as the Minister may direct.

[23/2001]

(4) Where a person is charged with an offence in respect of a contravention of section 15B(1), it shall also be a defence for the person to prove that, even though he was aware of the contravention —

- (a) the contravention occurred as a result of an increase in the shareholding as described in section 15B(4)(a) of, or in the voting power controlled by, any of his associates described in section 15B(4)(c)(i);
- (b) he has no agreement or arrangement, whether oral or in writing and whether express or implied, with that associate with respect to the acquisition, holding or disposal of shares or other interests in, or under which they act together in exercising their voting power in relation to, the designated financial institution; and
- (c) he has, within 14 days of the date of the contravention, notified the Minister of the contravention and, within such time as may be determined by the Minister, taken such action in relation to his shareholding or control of the voting power in the designated financial institution as the Minister may direct.

[23/2001]

(5) Except as provided in subsections (3) and (4), it shall not be a defence for a person charged with an offence in respect of a contravention of section 15A or 15B to prove that he did not intend to or did not knowingly contravene section 15A or 15B, as the case may be.

[23/2001]

Power of Authority to obtain information

18.—(1) The Authority may, by notice in writing, direct any designated financial institution to obtain from any of its shareholders and to transmit to the Authority any information relating to its shareholders which the Minister or the Authority may require for the purpose of ascertaining or investigating into the control of shareholding or voting power in the designated financial institution, or exercising any power or function under sections 15A to 17, including information —

- (a) as to whether that shareholder holds any share in the designated financial institution as beneficial owner or as trustee; and
- (b) if he holds the share as trustee, to indicate as far as he can, the person for whom he holds the share (either by name or by other particulars sufficient to enable that person to be identified) and the nature of his interest,

and the designated financial institution shall comply with that direction within such time as may be specified in the notice.

[23/2001; 1/2007]

(2) The Authority may, by notice in writing, require any shareholder of a designated financial institution, or any person who appears from information provided to the Authority under subsection (1) or this subsection to have an interest in any share in a designated financial institution, to provide to the Authority any information relating to the shareholder or the person, as the case may be, which the Minister or the Authority may require for the purpose of ascertaining or investigating into the control of shareholding or voting power in the designated financial institution, or exercising any power or function under sections 15A to 17, including —

- (a) whether he holds that interest as beneficial owner or as trustee, and if he holds the interest as trustee, to indicate as far as he can, the person for whom he holds the interest (either by name or by other particulars sufficient to enable that person to be identified) and the nature of his interest; or
- (b) whether any share or any voting right attached to the share is the subject of an agreement or arrangement described in section 15A(3) or (4) or 15B(4)(c)(ix), and if so, to give particulars of the agreement or arrangement and the parties to it,

and the shareholder or the person shall comply with that notice within such time as may be specified therein.

[23/2001; 1/2007]

(3) Any person who —

- (a) fails to comply with a notice under this section; or
- (b) in purported compliance of the notice, knowingly or recklessly furnishes any information or document that is false or misleading in a material particular,

shall be guilty of an offence.

[23/2001; 1/2007]

(4) Any person convicted of an offence under this section shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(5) Where a person claims, before providing any information to a designated financial institution under subsection (1) or to the Authority under subsection (2), that the information might tend to incriminate the person, the information is not admissible in evidence against the person in criminal proceedings, other than proceedings for an offence under section 17 or this section.

[Act 5 of 2016 wef 30/11/2018]

Amendment of bank's constitution

19.—(1) Every bank incorporated in Singapore shall, prior to the making of any amendment or alteration in the memorandum of association and articles of association or other instrument under which it is incorporated, furnish to the Authority particulars in writing of the proposed amendment or alteration.

(2) Every bank whether incorporated inside or outside Singapore shall, within 3 months after the making of any amendment or alteration in the memorandum of association and articles of association or other instrument under which it is incorporated, furnish to the Authority particulars in writing (verified by a statutory declaration made by a senior officer of the bank) of the amendment or alteration.

(3) Any bank which contravenes subsection (1) or (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine of \$2,500 for every day or part of a day during which the offence continues after conviction.

[2/84; 23/2001]

[Act 5 of 2016 wef 30/11/2018]

Revocation of licence

20.—(1) The Authority may by order revoke a licence issued under this Act —

- (a) if the Authority is satisfied that the bank holding that licence —

-
- (i) has ceased to transact banking business in Singapore;
 - (ii) has furnished information or documents to the Authority in connection with its application for a licence which is or are false or misleading in a material particular;
 - (iii) if it is a bank incorporated outside Singapore, has had its licence or authority to operate withdrawn by the supervisory authority which is responsible, under the laws of the country or territory where the bank is incorporated, formed or established, for supervising the bank;
 - (iv) proposes to make, or has made, any composition or arrangement with its creditors or has gone into liquidation or has been wound up or otherwise dissolved;
 - (v) is carrying on its business in a manner likely to be detrimental to the interests of the depositors of the bank or has insufficient assets to cover its liabilities to its depositors or the public;
 - (vi) **has contravened or is contravening the any provisions** of this Act;
 - (vii) has been convicted of any offence under this Act or any of its directors or officers holding a managerial or executive position has been convicted of any offence under this Act;
or
 - (viii) has contravened **or is contravening** any provision of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 or any Rules issued by the deposit insurance and policy owners' protection fund agency under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011; or
 - (ix) **has contravened or is contravening any direction issued by the Authority under the Monetary Authority of Singapore Act (Cap. 186) or any provision of that Act; or**
- [15/2011 wef 01/05/2011]*
- (b) if, upon the Authority exercising any power under section 49(2) or the Minister exercising any power under Division 2, 3, 4 or 4A of Part IVB of the Monetary Authority of Singapore Act (Cap. 186) in relation to
-

the bank, the Authority considers that it is in the public interest to revoke the licence.

[2/84; 23/2001; 31/2005; 1/2007]

[Act 10 of 2013 wef 18/04/2013]

[Act 31 of 2017 wef 29/10/2018]

(c) if it is a foreign-owned bank incorporated in Singapore, its parent bank has had its licence or authority to operate withdrawn by the supervisory authority; or

(d) if the Authority considers it in the public interest to do so.

(2) The Authority shall before revoking any licence under subsection (1) —

(a) cause to be given to the bank concerned notice in writing of its intention to do so, specifying a date, not less than 21 days after the date of the notice, upon which the revocation will take effect; and

(b) call upon the bank to show cause to the Authority why the licence should not be revoked.

(3) When the Authority has revoked a licence under subsection (1), the Authority shall immediately inform the bank of the revocation.

(4) Any bank whose licence has been revoked under this section shall have a right of appeal to the High Court against the order of revocation.

(5) An order of revocation made by the Authority shall not take effect until the expiration of a period of 21 days after the Authority has informed the bank of the order.

(6) If within that period the bank concerned gives due notice of appeal to the High Court, the order shall not take effect unless the order is confirmed by the Court or the appeal is for any reason dismissed by that Court.

(7) The making of an appeal by a bank under this section shall in no way affect the exercise of any power by the Authority under section 49, 50, 51, 52 or 53, or the exercise of any power by the Minister under Division 2, 3, 4 or 4A of Part IVB of the Monetary Authority of Singapore Act (Cap. 186), in relation to the bank.

[1/2007]

[Act 10 of 2013 wef 18/04/2013]

[Act 31 of 2017 wef 29/10/2018]

Effect of revocation of licence

21.—(1) Where an order of revocation becomes effective under section 20 —

(a) notice of the revocation shall be published in the *Gazette*; and

- (b) the bank shall, as from the date of the notice, cease to transact any banking business in Singapore except as may be approved by the Authority for the purpose of winding up its banking business.

(2) Subsection (1)(b) shall not prejudice the enforcement by any person of any right or claim against the bank or by the bank of any right or claim against any person.

PART IV

RESERVE FUNDS, DIVIDENDS, BALANCE-SHEETS AND INFORMATION

Maintenance of reserve fund

22. *[Repealed by Act 1 of 2007]*

Maintenance of adequate provision for bad and doubtful debts

23. Every bank in Singapore shall make provision for bad and doubtful debts and before any profit or loss is declared ensure that that provision is adequate.

[23/2001]

Dividends

24. *[Repealed by Act 23 of 2001]*

Publication and exhibition of audited **accounts balance-sheet**

25.—(1) Every bank shall exhibit in a conspicuous position in each of its offices and branches in Singapore —

- (a) a copy of its latest audited annual balance-sheet and profit and loss account, together with any notes thereon, and a copy of the report of the auditors, except that in the case of a bank incorporated outside Singapore, those statements may be made in a manner that complies with the law for the time being applicable in the place of its incorporation or origin;
- (b) the full and correct names of all persons who are directors for the time being of the bank; and
- (c) the names of all subsidiary companies for the time being of the bank.

[28/93]

(1A) Every bank shall make available within a reasonable time to any person upon his request, a copy of one or more of the following:

- (a) its exhibit in subsection (1);

(b) its publication in subsections (2) and (4).

(2) Every bank shall, within 5 months after the close of each financial year or within such period as the Authority may approve, publish in such ~~manner newspaper or newspapers~~ as may be prescribed by regulations a copy of its latest audited annual balance-sheet and profit and loss account containing at least such information as the Authority may require by notice in writing.

[23/2001]

(3) In the case of a bank incorporated outside Singapore, the statements referred to in subsection (2) may be made in a manner that complies with the law for the time being applicable in the place of its incorporation or origin.

[28/93]

(4) The Authority may, by notice in writing, require a bank to publish in addition to its balance-sheet and profit and loss account under subsection (2) such additional information ~~relating to the accounts of that bank for any financial year~~ as the Authority thinks fit.

[28/93]

(5) Any bank which fails to comply with this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine of \$2,500 for every day or part of a day during which the offence continues after conviction.

[2/84; 23/2001]

[Act 5 of 2016 wef 30/11/2018]

Information to be furnished by banks

26.—(1) Every bank shall furnish to the Authority such information (including returns) at such time and in such manner as the Authority may reasonably require for the proper discharge of its functions.

[23/2001]

^{*}(2) Every bank shall send to the Authority —

(a) not later than 3 months after the close of its financial year or within such longer period as the Authority may on application of the bank approve —

(i) in the case of —

(A) a bank incorporated in Singapore, a copy of its latest audited financial statements as may be required to be laid at its annual general meeting under section 201 of the Companies Act (Cap. 50);
or

- (B) a bank incorporated outside Singapore, a copy of its latest audited annual balance-sheet and profit and loss account together with any notes thereon;
[Act 35 of 2014 wef 01/07/2015]
 - (ii) a copy of the report of the auditors of the bank;
 - (iii) a copy of the report of the directors of the bank;
 - (iv) a duly audited balance-sheet showing its assets used in, and liabilities arising out of, its operation in Singapore as at the date to which its balance-sheet was made up; and
 - (v) a duly audited profit and loss account which gives a true and fair view of the profit or loss arising out of the bank's operation in Singapore for its last preceding financial year;
- (b) in the case of a bank incorporated in Singapore, within such period as the Authority may require, its interim profit and loss account for every half-year or such other intervals as may be determined by the Authority; and
- (c) within such period and in such manner as the Authority may require, such further or additional information as the Authority may consider necessary either by way of explanation, amplification or otherwise with regard to any of the balance-sheets and profit and loss accounts sent under paragraph (a) or (b).

[23/2001]

* The former subsections (2) and (3) of section 26 are omitted from the 2003 Ed., being obsolete by virtue of MAS Notice 610 to Banks issued by the Authority under section 26(1).

* (3) In the case of a bank incorporated outside Singapore, the statements referred to in subsection (2)(a)(i)(B), (ii) and (iii) may be made in a manner that complies with the law for the time being applicable in the place of its incorporation, formation or establishment.

*[23/2001]**[Act 35 of 2014 wef 01/07/2015]*

* The former subsections (2) and (3) of section 26 are omitted from the 2003 Ed., being obsolete by virtue of MAS Notice 610 to Banks issued by the Authority under section 26(1).

(4) The Authority may, in its discretion, regard the balance-sheet and profit and loss account as having been duly audited for the purpose of subsection (2)(a)(iv) and (v) if the balance-sheet and profit and loss account are accompanied by a report

by a public accountant within the meaning of the Companies Act (Cap. 50) which complies, insofar as it is practicable, with section 207 of that Act.

[23/2001; 5/2004]

(5) The Authority may require any statement submitted to it under subsection (1) to be accompanied by a certificate —

- (a) of the auditor appointed by the bank under section 58(1); or
- (b) of any other auditor appointed by the Authority under section 58(3),

as to whether in the opinion of the auditor, the statement or information is correct.

(6) Any information received from a bank under this section shall be treated as secret by the Authority.

[23/2001]

(6A) Nothing in subsection (6) shall preclude the Authority from disclosing any information, not being customer information as defined in section 40A, received from a bank under this section if —

- (a) the information is in the public domain;
- (b) the information is disclosed in such a manner that the bank's identity cannot be ascertained;
- (c) the bank or the person from whom the bank has obtained the information consents to the disclosure;
- (d) the person to whom the information relates consents to the disclosure;
- (e) the disclosure of the information is necessary for the performance of any principal object or function, or the exercise of any power, of the Authority under this Act or any other written law; or

[1/2007]

[Act 5 of 2016 wef 30/11/2018]

- (f) the disclosure of the information is required under any written law.

[Act 5 of 2016 wef 30/11/2018]

(6B) Nothing in subsection (6) prevents the Authority from disclosing any information received from a bank under this section if the disclosure is pursuant to an order of court in Singapore.

[Act 5 of 2016 wef 30/11/2018]

(7) Nothing in this section shall prevent the Authority from preparing and publishing consolidated statements aggregating such information as may be furnished under this section.

[28/93]

(8) Any bank which contravenes subsection (1) or (2) or a requirement of the Authority under subsection (5) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

(9) Any bank which in purported compliance with this section furnishes any information to the Authority, knowing or reckless that the information is false or misleading in a material particular, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

[Act 5 of 2016 wef 30/11/2018]

(10) Where a bank is guilty of an offence under subsection (8) or (9), any individual charged with the duty of securing the bank's compliance with the subsection or requirement, and was in the position to discharge that duty, shall also be guilty of an offence and shall be liable on conviction —

- (a) if the individual committed the offence wilfully, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or
- (b) if the individual did not commit the offence wilfully, to a fine not exceeding \$125,000.

[Act 5 of 2016 wef 30/11/2018]

(11) Any bank which fails to take reasonable care that any information furnished to the Authority in purported compliance with this section is accurate, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

[Act 5 of 2016 wef 30/11/2018]

Information on Exposures, etc., and actions if exposures, etc., detrimental to depositors' interests

27.— (1) The Authority may by notice in writing to any bank in Singapore or any class of banks in Singapore, impose such requirements as may be necessary or expedient for the purposes of monitoring and controlling potential risks arising from —

- (a) credit facilities from the bank or any entity in the bank's group to any related party of the bank;
- (b) exposures of the bank or any entity in the bank's group to any related party of the bank; and
- (c) transactions of the bank or any entity in the bank's group with any related party of the bank.

~~(1) (1A) Every bank in Singapore shall~~ The Authority may by notice in writing to any bank in Singapore or any class of banks in Singapore, require the bank or class of banks, as the case may be, to prepare a statement in respect of each quarter of a year, in such form as may be specified by the Authority, showing as at the end of that quarter ~~all the credit facilities from, all the exposures of the bank to, and all the transactions of the bank with~~ —

- (a) all the credit facilities from the bank or any entity in the bank's group to any related party of the bank;
 - (b) all the exposures of the bank or any entity in the bank's group to any related party of the bank; and
 - (c) all the transactions of the bank or any entity in the bank's group with any related party of the bank.
- ~~(a) any person in a director group of the bank;~~
 - ~~(b) any firm or limited liability partnership of which the bank is a partner, a manager, an agent, a guarantor or a surety;~~
 - ~~(c) any company of which any of the directors of the bank is a director or an agent;~~
 - ~~(d) any company of which the bank or any of its officers (other than directors), employees or other persons who receive remuneration from the bank (other than for professional services rendered to the bank) is a director, an executive officer, an agent, a guarantor or a surety;~~
 - ~~(e) any of its officers (other than directors), employees or other persons who receive remuneration from the bank (other than for professional services rendered to the bank) in excess of one year's emoluments of the officer, employee or person;~~
 - ~~(f) in the case of a bank incorporated in Singapore, any person in a substantial shareholder group of the bank;~~
 - ~~(g) any person in the financial group of the bank;~~
 - ~~(h) any related corporation of the bank;~~
 - ~~(i) any individual in whom, or any firm, limited liability partnership or company in which, any of the directors of the bank has an interest, directly or indirectly, as declared under section 28 other than the credit facilities, exposures or transactions particulars of which have already been supplied under this subsection; and~~
 - ~~(j) such other person or class of persons as may be prescribed.~~

(2) A statement under subsection (1A) ~~(1)~~ —

- (a) shall be prepared within 7 days, or such other period as may be approved by the Authority, after the quarter of the year in respect of which it is to be prepared;
- (b) shall —
 - (i) in the case of a bank incorporated in Singapore, be brought up and read at the next meeting of its board of directors after it is prepared; and
 - (ii) in the case of a bank incorporated outside Singapore, be submitted to the head office of the bank; and
- (c) shall be submitted to the Authority within 7 days from the date on which it is read at the meeting of the board of directors or submitted to the head office of the bank, as the case may be.

(3) If it appears to the Authority, whether from a statement submitted under subsection (2)(c) or otherwise, that any credit facility from the bank to, any exposure of the bank to, or any transaction of a bank with, any ~~person referred to in subsection (1)~~ related party of the bank is detrimental to the interests of the depositors of the bank, the Authority may by notice in writing to the bank do one or more of the following:

- (a) direct the bank to do any of the following within such time and to such extent as may be specified in the notice:
 - (i) secure repayment of the credit facility;
 - (ii) reduce or eliminate the exposure;
 - (iii) terminate the transaction;
- (b) prohibit the bank from granting any new credit facility, creating any new exposure, or entering into any new transaction to or with the person;
- (c) impose such restrictions as the Authority considers appropriate on the grant of any new credit facility, the creation of any new exposure, or the entering into of any new transaction to or with the person.

(3A) Any bank which fails to comply with a notice under subsection (1) or (3) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

(4) In this section —

“Accounting Standards” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“bank’s group”, in relation to a bank in Singapore, means a group comprising —

(a) in the case of a bank incorporated in Singapore —

- (i) every subsidiary of the bank;
- (ii) every branch of the bank located outside Singapore; and
- (iii) every other entity that is treated as part of the bank’s group of companies for accounting purposes according to Accounting Standards;

(b) in the case of the branches located within Singapore of a bank incorporated outside Singapore —

- (i) every subsidiary of the bank; and
- (ii) every other entity that that is treated as part of the bank’s group of companies for accounting purposes according to Accounting Standards;

that is reflected as an investment in the books in Singapore of the bank that relate to its operations in Singapore;

“director”, in relation to a bank in Singapore, has the meaning given to it in the Fifth Schedule;

“director group” has the meaning given to it in the Fifth Schedule;

“exposure” has the meaning given to it in the Fifth Schedule;

“~~financial~~ major stake entity group” has the meaning given to it in the Fifth Schedule;

“related corporation group” has the meaning given to it in the Fifth Schedule;

“related party”, in relation to a bank, means —

- (a) any person in a director group of the bank;
- (b) any firm or limited liability partnership of which the bank is a partner, a manager, an agent, a guarantor or a surety;
- (c) any company of which any of the directors of the bank is a director or an agent;

- (d) any company of which the bank or any of its officers (other than directors), employees or other persons who receive remuneration from the bank (other than for professional services rendered to the bank) is a director, an executive officer, an agent, a guarantor or a surety;
- (e) any of its officers (other than directors), employees or other persons who receive remuneration from the bank (other than for professional services rendered to the bank) in excess of one year's emoluments of the officer, employee or person;
- (f) in the case of a bank incorporated in Singapore, any person in a substantial shareholder group of the bank;
- (g) any person in the senior management group of the bank;
- (h) any person in the key credit approver group of the bank;
- (i) any entity in the major stake entity group of the bank;
- (j) any entity in the related corporation group of the bank;
- (k) any person in which any of the directors of the bank has an interest, directly or indirectly, as declared under section 28 other than the credit facilities, exposures or transactions particulars of which have already been supplied under this subsection; and
- (l) such other person or class of persons that the Authority may prescribe or specify by notice in writing from time to time.

“senior management group” has the meaning given to it in the Fifth Schedule;

“substantial shareholder group” has the meaning given to it in the Fifth Schedule;

“key credit approver group” has the meaning given to it in the Fifth Schedule;

“transaction” has the meaning given to it in the Fifth Schedule.

Disclosure of interest by directors

28.—(1) Every director of a bank in Singapore who has in any manner, directly or indirectly, an interest in a credit facility from or an exposure of, or a proposed credit facility from or exposure of, that bank shall as soon as practicable declare the nature of his interest to the board of directors of that bank and the secretary of that bank shall cause the declaration to be circulated immediately to all the directors.

[23/2001; 1/2007]

(2) The requirements of subsection (1) shall not apply in any case where the interest of the director consists only of being a member or creditor of a company which is interested in a credit facility from or an exposure of, or a proposed credit facility from or exposure of, that bank if the interest of the director may properly be regarded as of a trivial nature.

[1/2007]

(3) For the purposes of subsection (1), a general notice given to the board of directors of a bank by a director to the effect that he is an officer or a member of a specified company, or a partner or manager of a specified firm or specified limited liability partnership, and that he is to be regarded as having an interest in any credit facility or exposure which may, after the date of the notice, be granted to or acquired in respect of that company, firm or limited liability partnership, shall be deemed to be a sufficient declaration of interest in relation to any credit facility so granted or any exposure so acquired if —

- (a) it specifies the nature and extent of his interest in that company, firm or limited liability partnership;
- (b) his interest is not different in nature from or greater in extent than the nature and extent so specified in the notice at the time any credit facility is granted or any exposure is acquired; and
- (c) it is given at a meeting of the board of directors or the director takes reasonable steps to ensure that it is brought up and read at the next meeting of the board of directors after it is given.

[1/2007]

(4) Every director of a bank in Singapore who holds any office or possesses any property whereby, directly or indirectly, duties or interest might be created in conflict with his duties or interest as director shall declare at a meeting of the directors of that bank the fact and the nature, character and extent of the conflict.

[23/2001]

(5) The declaration referred to in subsection (4) shall be made at the first meeting of the directors held —

- (a) after he becomes a director of the bank; or
- (b) if already a director, after he commences to hold the office or to possess the property, as the case may be.

(6) The secretary of that bank shall —

- (a) cause to be brought up and read any declaration made under subsection (1) or (4) at the next meeting of the directors after it is given; and

- (b) record any declaration made under this section in the minutes of the meeting at which it was made or at which it was brought up and read.

(7) Any director who acts in contravention of subsection (1) or (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both.

[2/84; 23/2001]

- (8) In this section, “exposure” has the meaning given to it in the Fifth Schedule.

[1/2007]

PART V

PROHIBITED BUSINESS

Exposures and credit facilities

29.—(1) The Authority may by notice in writing to any bank in Singapore, or any class of banks in Singapore, impose such requirements as may be necessary or expedient for the purposes of limiting the exposure of the bank, or a bank within the class of banks, to any one or more of the following:

- (a) where the bank is incorporated in Singapore, a substantial shareholder group of the bank;
- (b) the ~~financial~~-major stake entity group of the bank;
- (c) a director group of the bank;
- (d) any other person or class of persons as ~~may be prescribed the Authority~~ may prescribe or specify by notice in writing.

[1/2007]

(2) Without prejudice to the generality of subsection (1), the Authority may in a notice issued under that subsection —

- (a) specify the limit on any exposure;
- (b) exclude any exposure from any limit;
- (c) specify the method of measuring any exposure;
- (d) exclude any bank or class of banks from any requirement imposed under subsection (1); and
- (e) vary any limit in a particular case.

[1/2007]

(3) A bank in Singapore shall not grant any credit facility against the security of its own shares.

[1/2007]

(4) *[Deleted by Act 5 of 2016 wef 30/11/2018]*

(5) *[Deleted by Act 5 of 2016 wef 30/11/2018]*

(6) Any bank which fails to comply with subsection (3) or any requirement imposed under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(7) In this section —

“director group” has the meaning given to it in the Fifth Schedule;

“exposure” has the meaning given to it in the Fifth Schedule;

“~~financial~~ **major stake entity** group” has the meaning given to it in the Fifth Schedule;

“substantial shareholder group” has the meaning given to it in the Fifth Schedule.

[1/2007]

Businesses which banks in Singapore may carry out

30.—(1) No bank in Singapore shall carry on, or enter into any partnership, joint venture or other arrangement with any person to carry on, whether in Singapore or elsewhere, any business except for the following:

- (a) banking business;
- (b) any business the conduct of which is regulated or authorised by the Authority or, if carried on in Singapore, would be regulated or authorised by the Authority under any written law;
- (c) any business which is incidental to the business which the bank may carry on under paragraph (a) or (b);
- (d) any business or class of business as the Authority may prescribe, subject to such conditions as may be prescribed; or
- (e) any other business as the Authority may approve for the purposes of this section, subject to such conditions as the Authority may impose.

[23/2001; 1/2007]

(2) Nothing in this section shall —

- (a) prevent a bank from holding any equity investment in a company in accordance with section 31; or
- (b) be construed as exempting a bank from any requirement which, apart from this section, the bank is required to comply with under any written law for the conduct of any business.

[23/2001]

(3) Any bank which contravenes this section or fails to comply with any condition imposed or prescribed under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

[Act 5 of 2016 wef 30/11/2018]

Limit on equity investments

31.—(1) No bank **incorporated** in Singapore shall acquire or hold any equity investment in a single company, the value of which exceeds in the aggregate 2% of the capital funds of the bank or such other percentage as the Authority may prescribe.

[23/2001]

(1A) The Authority may, having regard to the risks arising from the acquisition or holding of any equity investment in a single company by a bank in Singapore which is incorporated outside Singapore or a class of such banks, and such other factors as the Authority considers relevant, by regulations or notice in writing, impose limits on the acquisition or holding of any such investment by the bank or class of banks, as the case may be.

(2) This section shall not apply to —

- (a) any interest held by way of security for the purposes of a transaction entered into in the ordinary course of the business of the bank in Singapore;
- (b) any shareholding or interest acquired or held by a bank in Singapore in the course of satisfaction of debts due to it which is disposed of at the earliest suitable opportunity; or
- (c) any major stake approved under section 32.

[23/2001]

(3) The Authority may, by regulations —

- (a) provide for the manner of valuation of investments for the purposes of compliance with this section; and

- (b) exclude the operation of this section in respect of any investment or class of investments which may be held by any bank, subject to such conditions as may be prescribed.

[23/2001; 1/2007]

(4) Any bank which contravenes this section or fails to comply with any condition imposed or prescribed under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(5) In this section, “equity investment” means any beneficial interest in the share capital of a company, and such other investment, interest or right as may be prescribed.

[23/2001; 1/2007]

Major stake in entity

32.—(1) No bank in Singapore shall acquire or hold, directly or indirectly, a major stake in any entity without the prior approval of the Authority.

[23/2001; 1/2007]

[Act 5 of 2016 wef 30/11/2018]

(2) The Authority must not grant its approval under subsection (1) if the entity carries on, whether as its principal business or otherwise, any prohibited business.

[Act 5 of 2016 wef 30/11/2018]

(3) Despite subsection (2), the Authority may, in a particular case that comes within that subsection, grant its approval if it is satisfied that approval should be granted by reason of the exceptional circumstances of the case.

[Act 5 of 2016 wef 30/11/2018]

(3A) An approval of the Authority under this section may be subject to such conditions as the Authority may determine, including any condition relating to the operations or activities of the entity concerned.

[Act 5 of 2016 wef 30/11/2018]

(3B) The Authority may at any time add to, vary or revoke any condition imposed under subsection (3A).

[1/2007]

(4) This section shall not apply to —

- (a) any interest held by way of security for the purposes of a transaction entered into in the ordinary course of the business of the bank in Singapore;

- (b) any shareholding or interest acquired or held by a bank in Singapore in the course of satisfaction of debts due to it which is disposed of at the earliest suitable opportunity; and
- (c) such other interest as may be prescribed.

[23/2001; 1/2007]

(5) The Authority may, by regulations —

- (a) disapply this section to any entity or class of entities, subject to such conditions as may be prescribed;

[Act 5 of 2016 wef 30/11/2018]

- (b) provide for the manner of computation of major stakes; and
- (c) provide that any interest or control referred to in the definition of “major stake” in subsection (7) that is acquired or held, directly or indirectly, by an entity in which a bank has, directly or indirectly, a major stake is to be treated as acquired or held by the bank.

[Act 5 of 2016 wef 30/11/2018]

(6) Any bank which contravenes this section or fails to comply with any condition imposed or prescribed under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(7) In this section —

“company” means a company incorporated under the Companies Act (Cap. 50) or any corresponding previous written law, or a company incorporated outside Singapore;

“entity” means any body corporate or unincorporate, whether incorporated, formed or established in or outside Singapore;

“limited liability partnership” has the same meaning as in section 2(1) of the Limited Liability Partnerships Act (Cap. 163A), and includes a limited liability partnership formed or established outside Singapore;

“major stake”, in relation to an entity, means —

- (a) any beneficial interest exceeding 10% of the total number of issued shares or such other measure corresponding to shares in a company as may be prescribed;
- (b) control of over more than 10% of the voting power or such other measure corresponding to voting power in a company as may be prescribed; or

- (c) any interest in the entity, by reason of which the management of the entity is accustomed or under an obligation, whether formal or informal, to act in accordance with the bank's directions, instructions or wishes, or where the bank is in a position to determine the policy of the entity;

“management”, in relation to an entity, means —

- (a) if the entity is a company, its directors;
- (b) if the entity is a limited liability partnership, its partners or managers;
- (c) if the entity is any other partnership, its partners;
- (d) if the entity is a cooperative society, the members of its committee of management; or
- (e) if the entity is any other society, its officers,

and includes such other person of the entity as the Authority may prescribe;

“prohibited business” means any business other than the businesses referred to in section 30(1)(a) to (d).

[Act 5 of 2016 wef 30/11/2018]

(8) This section shall not affect any acquisition or holding of a major stake which was approved by the Authority before 18th July 2001*.

* Date of commencement of the Banking (Amendment) Act 2001 (Act 23 of 2001).

[23/2001]

[Act 5 of 2016 wef 30/11/2018]

Immovable property

33.—(1) No bank **incorporated** in Singapore shall acquire or hold interests in or rights over immovable property, wherever situated, the value of which exceeds in the aggregate 20% of the capital funds of the bank or such other percentage as the Authority may prescribe.

[23/2001]

(1A) The Authority may, having regard to the risks arising from the acquisition or holding of any interest in or right over immovable property or a class of immovable property by a bank in Singapore which is incorporated outside Singapore or a class of such banks, and such other factors as the Authority considers relevant, by regulations or notice in writing, impose limits on the acquisition or holding of any such interest in or right over immovable property

or a class of immovable property by the bank or class of banks, as the case may be.

(2) For the purposes of determining the aggregate value of the interest in or right over immovable property referred to in subsections (1) and (1A), there shall be excluded such portion of the value as may be attributable to the following:

- (a) any interest in or right over immovable property or any part thereof used for the purpose of conducting the business of the bank in Singapore or housing or providing amenities for its officers;
- (b) any interest in or right over immovable property held by way of security for the purposes of a transaction entered into in the ordinary course of the business of the bank in Singapore;
- (c) any interest in or right over immovable property held by way of enforcement of such security referred to in paragraph (b), provided that it is disposed of at the earliest suitable opportunity; and
- (d) such other interest in or right over immovable property as the Authority may prescribe.

[23/2001]

(3) The Authority may make regulations to provide for the manner of valuation or apportionment of immovable property for the purposes of this section.

[23/2001]

(4) Any bank which contravenes ~~subsection (1)~~ this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine of \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Grace period for sections 30 to 33

34.—(1) Notwithstanding sections 30 to 33, where any business was carried on, or any property or investment was held, by a bank in Singapore immediately before 18th July 2001^{*} with the approval of the Authority (where required) or which did not require the approval of the Authority, the bank may continue to carry on such business or hold such property or investment, as the case may be, for a period of 3 years from 18th July 2001.

^{*} Date of commencement of the Banking (Amendment) Act 2001 (Act 23 of 2001).

[23/2001]

(2) The Authority may, on application by a bank in Singapore, extend the period referred to in subsection (1) for such further period as the Authority considers appropriate.

[23/2001]

(3) The Authority may, in granting an application for extension under subsection (2) —

- (a) levy a charge of an amount not exceeding \$10,000 for every day of the period of extension; or
- (b) impose such conditions as it considers appropriate.

[23/2001]

(4) The Authority may, on application by a bank in Singapore, waive any requirement in section 30, 31, 32 or 33, on such conditions as the Authority may impose, where in the opinion of the Authority, the waiver is reasonably necessary for the bank to divest the business, property or investment referred to in subsection (1) by the end of the period referred to in that subsection or the further period referred to in subsection (2).

[23/2001]

Exposure to immovable property sector

35.—(1) The Authority may make such regulations as may be necessary or expedient for the purposes of limiting, in relation to a bank in Singapore, exposure to risks associated, directly or indirectly, with such immovable property as may be prescribed.

[23/2001]

(2) Without prejudice to the generality of subsection (1), the regulations may —

- (a) prescribe a limit (referred to in this section as the property sector exposure limit) —
 - (i) on the credit facilities that may be granted or issued by a bank in Singapore to such person or class of persons as may be prescribed; or
 - (ii) on the notes, bonds, debentures, derivatives or other financial instruments that may be held by a bank in Singapore;
- (b) provide for the manner of computation for the purpose of determining whether the property sector exposure limit has been complied with;
- (c) provide for the Authority to vary the property sector exposure limit in the circumstances of any particular case;
- (d) provide for such transitional and consequential provisions as may be necessary or expedient; and

- (e) provide that a contravention of the regulations shall be an offence punishable, on conviction, with a fine not exceeding \$100,000 and, in the case of a continuing offence, with a further fine of \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

36. *[Repealed by Act 5 of 2016 wef 30/11/2018]*

Relief from limitations imposed by sections 29, 31 and 33

37. *[Repealed by Act 1 of 2007]*

PART VI

MINIMUM ASSET AND FUNDING REQUIREMENTS

Liquid assets requirement

38.—(1) The Authority may, from time to time, by notice in writing to any bank in Singapore or class of banks in Singapore, impose requirements in relation to the minimum amount or amounts of liquid assets to be held by the bank or class of banks, having regard to the risks arising from the activities of the bank or class of banks, as the case may be, and such other factors as the Authority considers relevant.

[23/2001]

(1A) For the purposes of subsection (1), the Authority may impose different requirements for different types of liquid assets.

[Act 5 of 2016 wef 30/11/2018]

(2) Without prejudice to the generality of subsection (1), the Authority may, in a notice issued under that subsection, impose limits on each liquid asset or class of liquid assets to be held by a bank or class of banks.

[1/2007]

(2A) Where the Authority issues a notice under subsection (1) to a class of banks, the Authority may require different banks within the class of banks to hold different amount or amounts of liquid assets, having regard to the risks arising from the activities of each bank, the systemic impact of each bank on the financial sector and such other factors as the Authority may consider relevant.

[1/2007]

(3) Whenever the Authority issues a notice under subsection (1), each bank shall be allowed such period of grace, being not less than 3 business days, as may be specified in the notice, in which to comply with its provisions.

[23/2001; 1/2007]

(4) A bank shall not, during any period in which it has failed to comply with any requirement imposed under subsection (1), without the approval of the Authority, grant further advances to any person.

[1/2007]

(5) *[Deleted by Act 5 of 2016 wef 30/11/2018]*

(6) The Authority may by notice in writing require each bank in Singapore to render such returns as the Authority considers necessary for the implementation of this section.

[23/2001]

(6A) The Authority may, at any time, utilise the liquid assets of a bank held for the purposes of subsection (1) for the settlement of the bank's payment obligations, book-entry securities and instruments under any real-time gross settlement system established and operated under section 29A of the Monetary Authority of Singapore Act (Cap. 186), notwithstanding that this may result in the bank failing to comply with any requirement imposed under subsection (1).

[1/2007]

(6B) Notwithstanding subsection (1) and subject to subsection (6E), a bank may, in accordance with the requirements imposed under subsection (6C), utilise its liquid assets held for the purposes of subsection (1) if the bank —

- (a) is in a liquidity stress situation; and
- (b) is solvent immediately before, and will remain solvent after, the utilisation of its liquid assets.

[1/2007]

(6C) For the purposes of subsection (6B), the Authority may, from time to time, by notice in writing to a bank impose requirements in relation to the utilisation by the bank of its liquid assets held for the purposes of subsection (1), including —

- (a) the procedures which the bank must comply with before or after utilising, or during the utilisation of, its liquid assets; and
- (b) the manner in which the bank may utilise its liquid assets.

[1/2007]

(6D) A bank shall, within such time as may be specified by the Authority, provide any information required by the Authority in relation to its liquidity stress situation and the utilisation of its liquid assets held for the purposes of subsection (1).

[1/2007]

(6E) Where the Authority is of the opinion that —

- (a) a bank is not in a liquidity stress situation;

- (b) a bank has failed to comply with any requirement imposed under subsection (6C);
- (c) a bank is or is likely to become insolvent, or that it is or is likely to become unable to meet its obligations, or that it is about to suspend payments; or
- (d) it is in the public interest to do so,

the Authority may by notice in writing to the bank —

- (i) where the bank has already utilised its liquid assets held for the purposes of subsection (1), direct the bank to comply with any requirement imposed under subsection (1) within such time as may be specified by the Authority in the notice; or
- (ii) where the bank has not, or has not fully, utilised its liquid assets held for the purposes of subsection (1), do one or more of the following:
 - (A) refuse to allow the bank to utilise its liquid assets held for the purposes of subsection (1) which are within the control of the Authority;
 - (B) direct the bank to cease utilising its liquid assets held for the purposes of subsection (1);
 - (C) direct the bank to comply with any requirement imposed under subsection (1) within such time as may be specified by the Authority in the notice.

[1/2007]

(7) Any bank which fails to comply with any requirement imposed under subsection (1) shall be liable to pay, on being called upon to do so by the Authority, for every day or part thereof of such failure, a financial penalty in accordance with such formula as the Minister may, by order published in the *Gazette*, prescribe.

[1/2007]

(7A) A financial penalty collected by the Authority under subsection (7) shall be paid into the Consolidated Fund.

[Act 10 of 2013 wef 18/04/2013]

(8) For the avoidance of doubt, for the purposes of subsections (4) and (7), a bank shall be treated as having failed to comply with a requirement imposed under subsection (1) even if such failure is the result of an action of the Authority under subsection (6A).

[1/2007]

(8A) Any bank which fails to comply with —

- (a) subsection (4) or (6D);
- (b) any requirement of the Authority under subsection (6) or (6C); or
- (c) any direction of the Authority under subsection (6E),

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine of \$25,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(9) In this section —

“liquid assets” means any asset that can be easily sold or converted into cash at little or no loss in value, as specified in the notice referred to in subsection (1);

[Act 5 of 2016 wef 30/11/2018]

“liquidity stress situation” has the meaning given to it in the Fifth Schedule.

[1/2007]

[Act 5 of 2016 wef 30/11/2018]

Stable funding requirement

38A.—(1) For the purposes of ensuring that a bank has a stable and sustainable funding structure for its activities, the Authority may, from time to time, by notice in writing to a bank in Singapore or a class of banks in Singapore, impose requirements on the funds to be held by the bank or class of banks, having regard to the risks arising from the activities of the bank or class of banks, as the case may be, and such other factors as the Authority may consider relevant..

(2) Without limiting subsection (1), a notice issued under that subsection may prescribe —

- (a) the minimum amount (which may be expressed in the form of a ratio) of funds to be held by the bank or class of bank;
- (b) the manner of and process for calculating the amount of funds held by the bank or class of banks; and
- (c) the reports to be submitted by the bank or class of banks.

(3) The Authority may, if it considers appropriate in the particular circumstances of a bank, having regard to the risks arising from the activities of the bank, the systemic impact of the bank on the financial sector and such other factors as the Authority may consider relevant, vary any requirement imposed under subsection (1) on that bank.

(4) Without prejudice to subsection (5), the Authority may restrict or suspend the operations of a bank which fails to comply with a notice under subsection (1).

(5) A bank which fails to comply with –

- (a) a notice under subsection (1); or
- (b) any restriction or suspension imposed by the Authority under subsection (4),

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

Minimum cash balances

39.—(1) The Authority may, from time to time, by notice in writing to any bank in Singapore, or any class of banks in Singapore, require the bank or banks to maintain minimum cash balances, not exceeding 30% of its or their deposits and other liabilities, on deposit with the Authority as reserves against its or their deposits and other liabilities.

[1/2007]

(2) Subject to the limit specified in subsection (1), the Authority may —

- (a) prescribe different ratios for different types of liabilities; and
- (b) further prescribe the method of computing the amount of the required reserves.

[23/2001; 1/2007]

(2A) Where the Authority issues a notice under subsection (1) to a class of banks, the Authority may require different banks within the class of banks to maintain different minimum cash balances, having regard to the risks arising from the activities of each bank, the financial soundness of each bank and such other factors as the Authority may consider relevant.

[1/2007]

(3) Any prescription of, or change in, the minimum reserve requirements under subsection (1) or (2) shall take effect only after the expiration of 30 days' notice to the banks of the Authority's intention to take such action.

(4) Where a bank (referred to in this section as the defaulting bank) has failed to maintain sufficient minimum cash balances required under subsection (1), the Authority may by order in writing direct the defaulting bank to make good the deficiency within the period specified in the order and the defaulting bank shall comply with the requirements of the order.

(5) If the defaulting bank fails to make good the deficiency within the period specified in the order referred to in subsection (4), it shall be lawful, notwithstanding the provisions of any other written law, for the Authority to serve a notice in writing upon any other bank in Singapore with which the defaulting bank has a credit balance, whether in current or deposit account, directing that bank to transfer to the Authority such amount as is specified in the notice as being equivalent to the amount of the deficiency in the minimum cash balances of the defaulting bank required under subsection (1) and the other bank shall immediately comply with the requirements of that notice.

[23/2001]

(6) No action shall lie against, and no liability shall attach to, any bank in Singapore that complies with the requirements of a notice referred to in subsection (5) for any loss or damage suffered by the defaulting bank as a result of the other bank taking action in compliance with the requirements of that notice.

[23/2001]

(7) Any bank which fails to comply with any requirement of the Authority under subsection (1) shall be liable to pay, on being called upon to do so by the Authority, for every day or part thereof of such failure, a financial penalty in accordance with such formula as the Minister may, by order published in the *Gazette*, prescribe.

[1/2007]

(7A) A financial penalty collected by the Authority under subsection (7) shall be paid into the Consolidated Fund.

[Act 10 of 2013 wef 18/04/2013]

(8) The Authority may call upon a bank to pay a financial penalty under subsection (7) in addition to any action taken in relation to the bank under subsection (4) or (5).

[1/2007]

(9) Any bank which fails to comply with any direction of the Authority under subsection (4) or (5) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

Use of minimum cash balances in liquidity stress situation

39A.—(1) Despite section 39 but subject to subsection (6), a bank may utilise its minimum cash balances, if the bank —

- (a) is in a liquidity stress situation;
- (b) is solvent immediately before, and will remain solvent after, the utilisation of its minimum cash balances; and

- (c) is permitted by a notice under subsection (2) to utilise its minimum cash balances.

(2) The Authority may, by notice in writing to any bank in Singapore or class of banks in Singapore, permit the bank or a bank within the class to use its minimum cash balances in the event that it is in a liquidity stress situation.

(3) When deciding whether to issue a notice under subsection (2) to a bank or class of banks, the Authority may have regard to —

- (a) the risks arising from the activities of the bank or class of banks; and
- (b) such other factors as the Authority considers relevant.

(4) The Authority may in a notice under subsection (2) impose on the bank or a bank within the class requirements in relation to the utilisation by the bank of its minimum cash balances, including —

- (a) the procedures which the bank must comply with before or after utilising, or during the utilisation of, its minimum cash balances; and
- (b) the manner in which the bank may utilise its minimum cash balances.

(5) A bank that has purportedly used its minimum cash balances in a liquidity stress situation must, within such time as may be specified by the Authority, provide such information as the Authority may require concerning —

- (a) the liquidity stress situation and the utilisation of its minimum cash balances; or
- (b) the bank's compliance with any requirement imposed under subsection (4).

(6) Where the Authority is of the opinion that —

- (a) a bank that has used or is about to use its minimum cash balance —
 - (i) is not in a liquidity stress situation;
 - (ii) has failed to comply with any requirement imposed under subsection (4); or
 - (iii) is or is likely to become insolvent or unable to meet its obligations, or is about to suspend payments; or

- (b) it is otherwise in the public interest to do so,

the Authority may by notice in writing to the bank direct the bank to do the applicable act or acts mentioned in subsection (7).

(7) For the purposes of subsection (6), the acts are —

- (a) if the bank has already utilised its minimum cash balances, to comply with any requirement imposed under section 39(1) within such time as may be specified by the Authority in the notice; or
- (b) if the bank has not utilised or has not fully utilised its minimum cash balances, one or more of the following:
 - (i) not to use the bank's minimum cash balances;
 - (ii) to stop utilising the bank's minimum cash balances;
 - (iii) to comply with any requirement imposed under section 39(1) within such time as may be specified by the Authority in the notice under subsection (6).

(8) A bank which fails to comply with any direction or requirement of the Authority under subsection (4), (5) or (6) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

(9) In this section —

“liquidity stress situation” has the meaning given to it in the Fifth Schedule;

“minimum cash balances”, in relation to a bank, means its minimum cash balances maintained on deposit with the Authority under section 39.

[Act 5 of 2016 wef 30/11/2018]

Asset maintenance requirement

40.—(1) The Authority may, from time to time, by notice in writing to any bank in Singapore or any class of banks in Singapore, impose requirements in relation to the minimum amount or amounts of assets in Singapore that the bank or each bank in the class is to hold, for the purpose of meeting its liabilities.

[Act 5 of 2016 wef 30/11/2018]

(2) Without prejudice to the generality of subsection (1), the Authority may, in a notice issued under that subsection, specify —

- (a) the types of liabilities in respect of which assets are to be maintained and held in Singapore;
- (b) the types of assets that are to be treated as assets maintained and held in Singapore and the minimum amount or amounts in respect of each asset for the purpose of any requirement of the Authority under that subsection; and

- (c) the method for the valuation of assets maintained and held in Singapore, including any deductions to be made in respect of the assets.

[1/2007]

(3) Where the Authority issues a notice under subsection (1) to a class of banks, the Authority may impose different requirements on different banks, having regard to the financial soundness of each bank, the risk profile of each bank, and such other factors as the Authority may consider relevant.

[Act 5 of 2016 wef 30/11/2018]

(4) Any bank which fails to comply with any requirement of the Authority under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

PART VII

POWERS OF CONTROL OVER BANKS, ETC.

[Act 5 of 2016 wef 30/11/2018]

Interpretation of this Part

40A. In this Part —

“customer”, in relation to a bank, includes the Authority or any monetary authority or central bank of any other country or territory, but does not include any company which carries on banking business, merchant banks or such other financial institution as may be designated by the Authority by notice in writing;

“customer information”, in relation to a bank, means —

- (a) any information relating to, or any particulars of, an account of a customer of the bank, whether the account is in respect of a loan, investment or any other type of transaction, but does not include any information that is not referable to any named customer or group of named customers; or

- (b) deposit information;

“deposit information”, in relation to a bank, means any information relating to —

- (a) any deposit of a customer of the bank;

- (b) funds of a customer under management by the bank; or
- (c) any safe deposit box maintained by, or any safe custody arrangements made by, a customer with the bank,

but does not include any information that is not referable to any named person or group of named persons;

“funds of a customer under management” means any funds or assets of a customer (whether of the bank or any financial institution) placed with that bank for the purpose of management or investment.

[23/2001; 1/2007]

Regulation of interest rates of banks

41.—(1) The Authority may from time to time determine and announce the rates of interest payable to or by banks in Singapore, the rates of discount chargeable by banks in Singapore, or the rates of commission and other charges payable to banks in Singapore.

[23/2001]

(2) Subsection (1) shall not apply to transactions between banks in Singapore.

Recommendations to banks concerning credits and investments

42.—(1) The Authority may, in respect of loans and advances or investments of banks in Singapore, make recommendations to the banks in respect of the following:

- (a) the purposes for which they may or may not be granted or made;
- (b) the maximum maturities or, in the case of loans and advances, the type and minimum amount of security which shall be required and, in the case of letters of credit, the minimum or margin deposit; or
- (c) the limits for any particular category of loans, advances or investments or for the total amount outstanding in respect of those loans, advances or investments.

[23/2001]

(2) Any recommendation made under subsection (1) shall apply uniformly to all banks in Singapore engaging in the transactions covered by the recommendation.

[23/2001]

(3) Where the Authority has made a recommendation under subsection (1) and the banks have accepted it without objections, or have failed to notify the Authority of their objections or have failed to forward their representations to the Authority

within the time specified in subsection (4), the Authority may issue a direction in writing to each bank on any of the matters referred to in subsection (1) requiring that effect be given to the recommendation within a reasonable time, and the banks shall comply with that direction.

(4) Where the Authority has made a recommendation and the banks have, or any bank has, notified the Authority within 14 days of the receipt of the recommendation that the banks object, or any bank objects, to the recommendation, the Authority shall call upon the banks or bank, as the case may be, to make representations in writing within one month of the notification concerning those objections.

(5) Upon receipt of such representations, the Authority shall consider them and may —

- (a) reject the representations; or
- (b) amend or modify the recommendation in accordance with the representations, or otherwise,

and in either event, the Authority shall thereupon issue a direction in writing to the banks or bank, as the case may be, requiring that effect be given to the original recommendation or to the recommendation as subsequently amended or modified by the Authority within a reasonable time.

(6) The banks or any bank, as the case may be, shall comply with the direction under subsection (5).

Inspection of banks and their local subsidiaries

43.—(1) The Authority shall, from time to time, inspect under conditions of secrecy, the books of each bank in Singapore and of any branch, agency or office outside Singapore opened by a bank incorporated in Singapore.

[23/2001; 1/2007]

(2) The Authority may, from time to time, inspect under conditions of secrecy, the books of each subsidiary incorporated in Singapore of a bank incorporated in Singapore, not being a subsidiary that is regulated or licensed by the Authority under any other Act.

[Act 5 of 2016 wef 30/11/2018]

(3) To avoid doubt, this section, and sections 44A and 46 in relation to an inspection under this section, do not apply to any inspection by the Authority for a purpose mentioned in section 27C of the Monetary Authority of Singapore Act (Cap. 186).

[Act 31 of 2017 wef 05/06/2018]

[Act 5 of 2016 wef 30/11/2018]

Special investigation of banks

44. The Authority may at any time make an investigation, under conditions of secrecy, of the books of any bank in Singapore, if it has reason to believe that any bank —

- (a) is carrying on its business in a manner likely to be detrimental to the interests of its depositors and other creditors;
- (b) has insufficient assets to cover its liabilities to the public; or
- (c) is contravening the provisions of this Act.

[23/2001; 1/2007]

Provisions supplementary to sections 43 and 44

44A.—(1) For the purposes of an inspection under section 43 or an investigation under section 44, the bank or subsidiary under inspection or investigation shall —

- (a) produce its books to the Authority and afford the Authority access to them;
- (b) provide such information or facilities as may be required by the Authority to conduct the inspection or investigation; and
- (c) procure any person who is in possession of the books or information referred to in paragraph (a) or (b) to produce the books or provide the information to the Authority.

[Act 5 of 2016 wef 30/11/2018]

[Act 5 of 2016 wef 30/11/2018]

[Act 5 of 2016 wef 30/11/2018]

[Act 5 of 2016 wef 30/11/2018]

(2) The books referred to in subsection (1) shall not be required to be produced at such times or at such places as would unduly interfere with the proper conduct of the normal daily business of that bank or subsidiary.

[23/2001; 1/2007]

[Act 5 of 2016 wef 30/11/2018]

(3) The Authority may appoint an auditor, other than the auditor appointed by the bank or by the Authority under section 58, to exercise the powers of the Authority under section 43 or 44.

[23/2001]

(3A) The remuneration and expenses of any auditor appointed under subsection (3) shall be paid by the bank.

[1/2007]

(3B) The Authority may, in its discretion, waive the payment of all or any part of the remuneration and expenses referred to in subsection (3A).

[Act 5 of 2016 wef 30/11/2018]

(4) Customer information that is obtained by the Authority from a bank incorporated outside Singapore or a foreign-owned bank incorporated in Singapore during an inspection under section 43 or an investigation under section 44 may be disclosed by the Authority to the parent supervisory authority of the bank where —

- (a) the customer information does not consist of deposit information;
- (b) the customer information is required by the parent supervisory authority for the sole purpose of carrying out its supervisory functions; and
- (c) the parent supervisory authority —
 - (i) is prohibited by the laws applicable to the parent supervisory authority from disclosing the customer information obtained by it to any other person; or
 - (ii) has given to the Authority such written undertaking, as to the confidentiality of the information obtained, as the Authority may determine.

[23/2001; 1/2007]

(5) Any bank or subsidiary which, without reasonable excuse, contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

[Act 5 of 2016 wef 30/11/2018]

(5A) Where the offence under subsection (5) is proved to have been committed with the consent of, or to be attributable to any negligence on the part of, an officer of the bank or subsidiary, that officer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

(6) For the purposes of this section, a reference to a parent bank in the definition of “foreign-owned bank incorporated in Singapore” in section 2(1) is a reference to a bank incorporated outside Singapore of which the foreign-owned bank is a subsidiary.

[1/2007]

Inspection in Singapore by parent supervisory authority

45.—(1) In relation to a bank incorporated outside Singapore or a foreign-owned bank incorporated in Singapore, a parent supervisory authority may, with the prior written approval of the Authority and under conditions of secrecy, conduct an inspection in Singapore of the books of any branch or office of that bank in Singapore in accordance with this section if the following conditions are satisfied:

- (a) the inspection is required by the parent supervisory authority for the sole purpose of carrying out its supervisory functions;
- (b) the parent supervisory authority —
 - (i) is prohibited by the laws applicable to the parent supervisory authority from disclosing information obtained by it in the course of the inspection to any other person; or
 - (ii) has given to the Authority such written undertaking, as to the confidentiality of the information obtained, as the Authority may determine; and
- (c) the parent supervisory authority has given a written undertaking to the Authority to comply with the provisions of this Act and such conditions as the Authority may impose under subsection (2).

[23/2001; 1/2007]

(1A) Without limiting the generality of subsection (1), and subject to subsection (2), the inspection may be conducted in respect of any activity of the bank besides banking business.

[Act 5 of 2016 wef 30/11/2018]

(2) The Authority may at any time, whether before, on or after giving written approval for an inspection under this section, require the parent supervisory authority to comply with conditions relating to —

- (a) the classes of information to which the parent supervisory authority shall or shall not have access in the course of the inspection;
- (b) the conduct of the inspection;
- (c) the use or disclosure of any information obtained in the course of the inspection; and
- (d) such other matters as the Authority may determine.

[23/2001]

(3) Subject to compliance by a parent supervisory authority with such conditions as the Authority may impose under subsection (2), a bank under inspection —

- (a) shall afford the parent supervisory authority access to such books of the branch or office of the bank under inspection, and provide such

information (including information relating to the bank's internal control systems) and facilities as may be required to conduct the inspection; and

- (b) shall not be required to afford the parent supervisory authority access to its books or to provide information or facilities at such times or at such places as would unduly interfere with the proper conduct of the normal daily business of the bank.

[23/2001; 1/2007]

(4) A parent supervisory authority may, with the prior written approval of the Authority —

- (a) in the case of a bank incorporated outside Singapore, request the auditors of its head office or appoint any person; or
- (b) in the case of a foreign-owned bank incorporated in Singapore, request the auditors of its parent bank or appoint any person,

to conduct the inspection under subsection (1) and in such event, this section (other than this subsection) shall apply to the auditors or the person, as the case may be, as if a reference to the parent supervisory authority or any official of the parent supervisory authority in this section includes a reference to the auditors or the person.

[1/2007]

(5) For the purposes of ensuring the confidentiality of any information obtained in the course of an inspection by a parent supervisory authority under this section, section 47(1) shall, with the necessary modifications, apply to any official of the parent supervisory authority as if the official is an officer of a bank.

[23/2001]

(6) Any bank which refuses or neglects, without reasonable excuse, to afford access to any book or provide any information or facility as may be required by this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001; 1/2007]

(6A) To avoid doubt, this section, and section 46 in relation to an inspection under this section, do not apply to any inspection by a parent supervisory authority of the books of any branch or office of a bank in Singapore, if —

- (a) the parent supervisory authority is an AML/CFT authority as defined in section 152 of the Monetary Authority of Singapore Act, and exercises consolidated supervision authority as defined in that section over that bank; and

- (b) the inspection is solely for the purpose of such consolidated supervision.

[Act 31 of 2017 wef 05/06/2018]

(7) In this section, “parent bank”, in relation to a foreign-owned bank incorporated in Singapore, means a bank incorporated outside Singapore of which the foreign-owned bank is a subsidiary.

[1/2007]

(8) Where the offence under subsection (6) is proved to have been committed with the consent of, or to be attributable to any negligence on the part of, an officer of the bank, that officer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

Confidentiality of inspection and investigation reports

46.—(1) Where a written report or any part thereof (referred to in this section as the report) has been produced in respect of any bank in Singapore or subsidiary incorporated in Singapore of a bank incorporated in Singapore —

- (a) by the Authority upon an inspection under section 43 or an investigation under section 44; or

- (b) by a parent supervisory authority upon an inspection under section 45,

the report shall not be disclosed by the bank or subsidiary, or any officer or auditor of the bank or subsidiary, to any other person except in the circumstances provided under subsection (2).

[23/2001]

[Act 5 of 2016 wef 30/11/2018]

(2) Disclosure of the report referred to in subsection (1) may be made —

- (a) by the bank in Singapore or subsidiary incorporated in Singapore of a bank incorporated in Singapore to any officer or auditor of that bank or subsidiary solely in connection with the performance of the duties of the officer or auditor, as the case may be, in that bank or subsidiary;

[Act 5 of 2016 wef 30/11/2018]

- (b) by any officer or auditor of the bank in Singapore or subsidiary incorporated in Singapore of a bank incorporated in Singapore to any other officer or auditor of that bank or subsidiary, solely in connection with the performance of their duties in that bank or subsidiary;

[Act 5 of 2016 wef 30/11/2018]

- (c) to the Authority if requested by the Authority, where the report has been produced by a parent supervisory authority; or
- (d) to any other person as the Authority may approve in writing.

[23/2001]

(3) In granting written approval for any disclosure under subsection (2)(d), the Authority may impose such conditions or restrictions as it thinks fit on the bank, the subsidiary, any officer or auditor of the bank or subsidiary, or the person to whom disclosure is approved, and the bank, subsidiary, officer, auditor or person (as the case may be) must comply with those conditions or restrictions.

[Act 5 of 2016 wef 30/11/2018]

(4) The obligation on an officer or auditor referred to in subsections (1) and (3) shall continue after the termination or cessation of his employment or appointment at the bank or subsidiary.

[23/2001]

[Act 5 of 2016 wef 30/11/2018]

(5) Any person who contravenes subsection (1) or fails to comply with any condition imposed by the Authority under subsection (3) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or
- (b) in any other case, to a fine not exceeding \$250,000.

[23/2001]

(6) Any person to whom the report is disclosed and who knows or has reasonable grounds for believing, at the time of the disclosure, that the report was disclosed to him in contravention of subsection (1) shall be guilty of an offence, unless he proves that —

- (a) the disclosure was made contrary to his desire;
- (b) where the disclosure was made in any written form, he has as soon as practicable surrendered or taken all reasonable steps to surrender the report and all copies thereof to the Authority; and
- (c) where the disclosure was made in an electronic form, he has as soon as practicable taken all reasonable steps to ensure that all electronic copies of the report have been deleted and that the report and all copies thereof in other forms have been surrendered to the Authority.

[23/2001]

~~Application of section 45 to merchant banks~~

~~46A.—(1) Sections 45 and 46 apply, with such modifications as may be prescribed, in relation to an inspection by a parent supervisory authority of—~~

~~(a) a merchant bank incorporated outside Singapore; or~~

~~(b) a foreign-owned merchant bank incorporated in Singapore,~~

~~of the books of any branch or office of that merchant bank, as they apply in relation to an inspection by a parent supervisory authority of a bank incorporated outside Singapore, or a foreign-owned bank incorporated in Singapore, of the books of any branch or office of the bank in Singapore.~~

~~(2) In this section—~~

~~“foreign-owned merchant bank incorporated in Singapore” means a merchant bank incorporated in Singapore, the parent bank of which is incorporated, formed or established outside Singapore;~~

~~“merchant bank incorporated outside Singapore” means a merchant bank incorporated, formed or established outside Singapore;~~

~~“parent bank”, in relation to a foreign-owned merchant bank incorporated in Singapore or a merchant bank incorporated outside Singapore, means a financial institution incorporated, formed or established outside Singapore of which the merchant bank is a subsidiary;~~

~~“parent supervisory authority” means—~~

~~(a) in relation to a merchant bank incorporated outside Singapore, a supervisory authority which is responsible, under the laws of the country or territory where the merchant bank or its parent bank is incorporated, formed or established, for supervising the merchant bank or parent bank, as the case may be; or~~

~~(b) in relation to a foreign-owned merchant bank incorporated in Singapore, a supervisory authority which has consolidated supervision authority over the merchant bank.~~

[Act 5 of 2016 wef 30/11/2018]

Inspection outside Singapore of subsidiaries of banks incorporated in Singapore

46B.—(1) The Authority may, in a country or territory outside Singapore, from time to time, inspect under conditions of secrecy, the books of a subsidiary of a bank incorporated in Singapore.

(2) Without limiting the generality of subsection (1), the inspection may be conducted in respect of activities that correspond to activities that are regulated or licensed by the Authority under this Act or any other Act.

(3) The Authority may appoint an auditor, other than the auditor appointed by the bank or by the Authority under section 58, to exercise the power of inspection.

(4) If the inspection is carried out on the ground that the Authority has reason to believe that the subsidiary of the bank incorporated in Singapore is carrying on its business in a manner likely to be detrimental to the interest of the depositors and other creditors of the bank and if the Authority so directs, then the bank is liable to pay for the remuneration and expenses of the auditor appointed under subsection (3).

(5) The Authority may, in its discretion, waive the payment of all or any part of the remuneration and expenses referred to in subsection (4).

[Act 5 of 2016 wef 30/11/2018]

Privacy of customer information

47.—(1) Customer information shall not, in any way, be disclosed by a bank in Singapore or any of its officers to any other person except as expressly provided in this Act.

[23/2001]

(2) A bank in Singapore or any of its officers may, for such purpose as may be specified in the first column of the Third Schedule, disclose customer information to such persons or class of persons as may be specified in the second column of that Schedule, and in compliance with such conditions as may be specified in the third column of that Schedule.

[23/2001]

(3) Where customer information is likely to be disclosed in any proceedings referred to in item 3 or 4 of Part I of the Third Schedule, the court may, either of its own motion, or on the application of any party to the proceedings or the customer to which the customer information relates —

- (a) direct that the proceedings be held in camera; and
- (b) make such further orders as it may consider necessary to ensure the confidentiality of the customer information.

[23/2001]

(4) Where an order has been made by a court under subsection (3), any person who, contrary to such an order, publishes any information that is likely to lead to the identification of any party to the proceedings shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000.

[23/2001]

(5) Any person (including, where the person is a body corporate, an officer of the body corporate) who receives customer information referred to in Part II of the Third Schedule shall not, at any time, disclose the customer information or any part

thereof to any other person, except as authorised under that Schedule or if required to do so by an order of court.

[23/2001]

(6) Any person who contravenes subsection (1) or (5) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or
- (b) in any other case, to a fine not exceeding \$250,000.

[23/2001]

(7) In this section and in the Third Schedule, unless the context otherwise requires —

- (a) where disclosure of customer information is authorised under the Third Schedule to be made to any person which is a body corporate, customer information may be disclosed to such officers of the body corporate as may be necessary for the purpose for which the disclosure is authorised under that Schedule; and
- (b) the obligation of any officer or other person who receives customer information referred to in Part II of the Third Schedule shall continue after the termination or cessation of his appointment, employment, engagement or other capacity or office in which he had received customer information.

[23/2001]

(8) For the avoidance of doubt, nothing in this section shall be construed to prevent a bank from entering into an express agreement with a customer of that bank for a higher degree of confidentiality than that prescribed in this section and in the Third Schedule.

[23/2001]

(9) Where, in the course of an inspection under section 43 or an investigation under section 44 or the carrying out of the Authority's function of supervising the financial condition of any bank, the Authority incidentally obtains customer information and such information is not necessary for the supervision or regulation of the bank by the Authority, then, such information shall be treated as secret by the Authority.

[23/2001]

~~(10) This section and the Third Schedule shall apply, with such modifications as may be prescribed by the Authority, to a merchant bank as if the reference to a bank in this section were a reference to such merchant bank.~~

~~[23/2001]~~

~~[Act 5 of 2016 wef 30/11/2018]~~

~~[Act 5 of 2016 wef 30/11/2018]~~

Information of insolvency, etc.

48.—(1) Any bank which is or is likely to become insolvent, or which is or is likely to become unable to meet its obligations, or which has suspended or is about to suspend payments, shall immediately inform the Authority of that fact.

[Act 10 of 2013 wef 18/04/2013]

(2) Any bank which contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[Act 10 of 2013 wef 18/04/2013]

[Act 5 of 2016 wef 30/11/2018]

Information of material adverse development, etc.

48AA.—(1) When a bank in Singapore becomes aware of any development that has occurred or is likely to occur which the bank has reasonable grounds to believe has materially affected adversely, or is likely to materially affect adversely —

- (a) the financial soundness or reputation of the bank;
- (b) the ability of the bank to conduct any business referred to in section 30(1); or
- (c) such other matters as the Authority may prescribe,

the bank must immediately inform the Authority of the development.

(2) When a bank incorporated in Singapore becomes aware of any development that has occurred or is likely to occur which the bank has reasonable grounds to believe has materially affected adversely, or is likely to materially affect adversely —

- (a) the financial soundness or reputation of any entity in the bank group of the bank or any entity or trust in the FHC group of the designated financial holding company of the bank (if applicable);
- (b) the ability of any entity in the bank group of the bank or any entity or trust in the FHC group of the designated financial holding company of the bank (if applicable), to conduct its business; or
- (c) such other matters as the Authority may prescribe,

the bank must immediately inform the Authority of the development.

(3) A bank in Singapore must immediately inform the Authority when it is aware that it has contravened or is likely to contravene, any provision of any Act administered by the Authority or any requirement imposed on it by the Authority under any such Act.

(4) Any bank which contravenes subsection (1) or (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

(5) In this section —

“accounting standards” means the accounting standards made or formulated by the Accounting Standards Council under Part III of the Accounting Standards Act (Cap. 2B);

“associate”, in relation to an entity (called in this definition the first entity), means —

- (a) any entity in which the first entity controls the composition of the board of directors or such corresponding officers as may be prescribed;
- (b) any entity in which the first entity controls more than half of the voting power or such measure corresponding to voting power as may be prescribed;
- (c) any entity in which the first entity holds more than half of the total number of issued shares or such corresponding interest as may be prescribed;
- (d) a subsidiary of any other entity which is an associate by reason of paragraph (a), (b) or (c);
- (e) any entity (called in this paragraph the second entity) in which —
 - (i) the first entity; or
 - (ii) any entity which is an associate by reason of paragraph (a), (b), (c) or (d),has, or the entities in sub-paragraphs (i) and (ii) together have, an interest in shares entitling the beneficial owners of those interests the right to cast (whether by proxy or in person) not less than 20% but not more than 50% of the total votes able to be cast at a general meeting of the second entity, or such corresponding interest as may be prescribed; or
- (f) any entity (not being one which is an associate by reason of paragraph (a), (b), (c), (d) or (e)) the policies of which —
 - (i) the first entity; or
 - (ii) any entity which is an associate by reason of paragraph (a), (b), (c), (d) or (e),

or the entities in sub-paragraphs (i) and (ii) together are able to control or influence materially;

“bank group”, in relation to a bank, means a group of entities comprising the bank and —

- (a) any of its associates; and
- (b) any other entity treated as part of the bank’s group of companies according to the accounting standards applicable to the bank;

“designated financial holding company” has the meaning given to it in section 2(1) of the Financial Holding Companies Act 2013 (Act 13 of 2013);

“entity” means any body corporate or unincorporate, whether incorporated, formed or established in or outside Singapore;

“FHC group”, in relation to a designated financial holding company, means a group of entities and trusts comprising the financial holding company and —

- (a) any of its associates; and
- (b) any other entity or trust treated as part of the financial holding company’s group of companies according to the accounting standards applicable to the financial holding company;

“subsidiary” means an entity prescribed as a subsidiary for the purposes of this section.

[Act 5 of 2016 wef 30/11/2018]

Interpretation of sections 49 to 53

48A. In sections 49 to 53, unless the context otherwise requires —

“business” includes affairs and property;

“office-holder”, in relation to a bank, means any person acting in relation to the bank as its liquidator, provisional liquidator, receiver, receiver and manager or an equivalent person;

“relevant business” means any business of a bank —

- (a) which the Authority has assumed control of under section 49; or
- (b) in relation to which a statutory adviser or a statutory manager has been appointed under section 49;

“statutory adviser” means a statutory adviser appointed under section 49;

“statutory manager” means a statutory manager appointed under section 49.

[1/2007]

Action by Authority if bank is unable to meet obligations, etc., or is conducting business to detriment of depositors

49.—(1) Where —

- (a) a bank informs the Authority that it is or is likely to become insolvent, or that it is or is likely to become unable to meet its obligations, or that it has suspended or is about to suspend payments;
- (b) a bank becomes unable to meet its obligations, or is insolvent, or suspends payments;
- (c) the Authority is of the opinion that the bank —
 - (i) is carrying on its business in a manner likely to be detrimental to the interests of its depositors or its creditors;
 - (ii) is or is likely to become insolvent, or that it is or is likely to become unable to meet its obligations, or that it is about to suspend payments;
 - (iii) has contravened any of the provisions of this Act; or
 - (iv) has failed to comply with any condition attached to its licence; or
- (d) the Authority considers it in the public interest to do so,

the Authority may exercise any one or more of the powers specified in subsection (2) as appears to it to be necessary.

[1/2007]

(2) Subject to subsection (1), the Authority may —

- (a) require the bank concerned immediately to take any action or to do or not to do any act or thing whatsoever in relation to its business as the Authority may consider necessary;
- (b) subject to subsection (3), appoint one or more persons as statutory adviser, on such terms and conditions as the Authority may specify, to advise the bank on the proper management of such of the business of the bank as the Authority may determine; or
- (c) subject to subsection (3), assume control of and manage such of the business of the bank as the Authority may determine, or appoint one

or more persons as statutory manager to do so on such terms and conditions as the Authority may specify.

[1/2007]

(3) In the case of a bank incorporated outside Singapore, any appointment of a statutory adviser or statutory manager or any assumption of control by the Authority of any business of the bank under subsection (2) shall only be in relation to —

- (a) the business or affairs of the bank carried on, or managed in or from, Singapore; or
- (b) the property of the bank located in Singapore, or reflected in the books of the bank in Singapore in relation to its operations in Singapore.

[1/2007]

(4) Where the Authority appoints 2 or more persons as statutory manager of a bank, it shall specify in the terms and conditions of the appointment which of the duties, functions and powers of the statutory manager —

- (a) may be discharged or exercised by such persons jointly and severally;
- (b) shall be discharged or exercised by such persons jointly; and
- (c) shall be discharged or exercised by a specified person of such persons.

[1/2007]

(5) Where the Authority has exercised any power under subsection (2), it may, at any time and without prejudice to its power under section 20(1)(b), do one or more of the following:

- (a) vary or revoke any requirement of, any appointment made by or any action taken by the Authority in the exercise of such power, on such terms and conditions as it may specify;
- (b) exercise any of the powers under subsection (2);
- (c) add to, vary or revoke any term or condition specified by the Authority under this section.

[1/2007]

(6) No action, suit or other legal proceedings shall lie against —

- (a) a statutory manager; or
- (b) a statutory adviser,

for anything done (including any statement made) or omitted to be done with reasonable care and in good faith in the course of or in connection with —

- (i) the exercise or purported exercise of any power under this Act;

- (ii) the performance or purported performance of any function or duty under this Act; or
- (iii) the compliance or purported compliance with this Act.

[1/2007]

(7) A bank which fails to comply with any requirement imposed under subsection (2)(a) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

Effect of assumption of control under section 49

50.—(1) Upon assuming control of the relevant business of a bank, the Authority or statutory manager, as the case may be, shall take custody or control of the relevant business.

[1/2007]

(2) During the period when the Authority or statutory manager is in control of the relevant business of a bank, the Authority or statutory manager shall manage the relevant business of the bank in the name of and on behalf of the bank and shall be deemed to be an agent of the bank.

[1/2007]

(3) In managing the relevant business of a bank, the Authority or statutory manager —

- (a) shall take into consideration the interests of the depositors of the bank; and
- (b) shall have all the duties, powers and functions of the members of the board of directors of the bank (collectively and individually) under this Act, the Companies Act (Cap. 50) and the constitution of the bank, including powers of delegation, in relation to the relevant business of the bank; but nothing in this paragraph shall require the Authority or statutory manager to call any meeting of the bank under the Companies Act or the constitution of the bank.

[1/2007]

(4) Notwithstanding any written law or rule of law, upon the assumption of control of the relevant business of a bank by the Authority or statutory manager —

- (a) where the bank is incorporated in Singapore, any appointment of a person as chief executive or director of the bank; or

- (b) where the bank is incorporated outside Singapore, any appointment of a person as chief executive of the bank, in so far as the appointment relates to the relevant business of the bank,

which was in force immediately before the assumption of control, shall be deemed to be revoked unless the Authority gives its approval, by notice in writing to the person and the bank, for the person to remain in the appointment.

[1/2007]

(5) Notwithstanding any written law or rule of law, during the period when the Authority or statutory manager is in control of the relevant business of a bank, no person shall be appointed —

- (a) where the bank is incorporated in Singapore, as chief executive or director of the bank; or
- (b) where the bank is incorporated outside Singapore, as chief executive of the bank, in so far as the appointment relates to the relevant business of the bank,

except with the approval of the Authority.

[1/2007]

(6) Where the Authority has given its approval under subsection (4) or (5) to a person to remain in the appointment of, or to be appointed as, chief executive or director of a bank, the Authority may at any time, by notice in writing to the person, revoke its approval and such appointment shall be deemed to be revoked on the date specified in the notice.

[1/2007]

(7) Notwithstanding any written law or rule of law, if any person whose appointment as chief executive or director of a bank is revoked under subsection (4) or (6) acts or purports to act after the revocation —

- (a) where the bank is incorporated in Singapore, as chief executive or director of the bank; or
- (b) where the bank is incorporated outside Singapore, as chief executive of the bank in relation to the relevant business of the bank,

during the period when the Authority or statutory manager is in control of the relevant business of the bank —

- (i) the act or purported act of the person shall be invalid and of no effect; and
- (ii) the person shall be guilty of an offence.

[1/2007]

(8) Notwithstanding any written law or rule of law, if any person who is appointed as chief executive or director of a bank in contravention of subsection (5) acts or purports to act —

- (a) where the bank is incorporated in Singapore, as chief executive or director of the bank; or
- (b) where the bank is incorporated outside Singapore, as chief executive of the bank in relation to the relevant business of the bank,

during the period when the Authority or statutory manager is in control of the relevant business of the bank —

- (i) the act or purported act of the person shall be invalid and of no effect; and
- (ii) the person shall be guilty of an offence.

[1/2007]

(9) During the period when the Authority or statutory manager is in control of the relevant business of a bank —

- (a) if there is any conflict or inconsistency between —
 - (i) a direction or decision given by the Authority or statutory manager (including a direction or decision to a person or body of persons referred to in sub-paragraph (ii)); and
 - (ii) a direction or decision given by any chief executive, director, member, executive officer, employee, agent or office holder, or the board of directors, of the bank, or any trustee for the bank,

the direction or decision referred to in sub-paragraph (i) shall, to the extent of the conflict or inconsistency, prevail over the direction or decision referred to in sub-paragraph (ii); and

- (b) no person shall exercise any voting or other right attached to any share in the bank in any manner that may defeat or interfere with any duty, function or power of the Authority or statutory manager, and any such act or purported act shall be invalid and of no effect.

[1/2007]

(10) Any person who is guilty of an offence under subsection (7) or (8) shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(11) In this section, “constitution of the bank” means the memorandum of association and articles of association of the bank or other instrument under which the bank is incorporated.

[1/2007]

Duration of control

51.—(1) The Authority shall cease to be in control of the relevant business of a bank when the Authority is satisfied that the reasons for its assumption of control of the relevant business have ceased to exist or that it is no longer necessary for the protection of the depositors of the bank.

[1/2007]

(2) A statutory manager shall be deemed to have assumed control of the relevant business of a bank on the date of his appointment as a statutory manager.

[1/2007]

(3) The appointment of a statutory manager in relation to the relevant business of a bank may be revoked by the Authority at any time —

- (a) if the Authority is satisfied that the reasons for the appointment have ceased to exist or that it is no longer necessary for the protection of the depositors of the bank; or
- (b) on any other ground,

and upon such revocation, the statutory manager shall cease to be in control of the relevant business of the bank.

[1/2007]

(4) The Authority shall publish in the *Gazette* the date, and such other particulars as it thinks fit, of —

- (a) its assumption of control of the relevant business of a bank;
- (b) the cessation of its control of the relevant business of a bank;
- (c) the appointment of a statutory manager in relation to the relevant business of a bank; and
- (d) the revocation of a statutory manager’s appointment in relation to the relevant business of a bank.

[1/2007]

Responsibilities of officers, member, etc., of bank

52.—(1) During the period when the Authority or statutory manager is in control of the relevant business of a bank —

- (a) the High Court may, on an application of the Authority or statutory manager, direct any person who has ceased to be or who is still a chief executive, director, member, executive officer, employee, agent, banker, auditor or office-holder of, or trustee for, the bank to pay, deliver, convey, surrender or transfer to the Authority or statutory manager, within such period as the High Court may specify, any property or book of the bank which is comprised in, forms part of or relates to the relevant business of the bank, and which is in his possession or control; and
- (b) any person who has ceased to be or who is still a chief executive, director, member, executive officer, employee, agent, banker, auditor or office-holder of, or trustee for, the bank shall give to the Authority or statutory manager such information as the Authority or statutory manager may require for the discharge of its or his duties or functions, or the exercise of its or his powers, in relation to the bank, within such time and in such manner as may be specified by the Authority or statutory manager.

[1/2007]

(2) Any person who —

- (a) without reasonable excuse, fails to comply with subsection (1)(b); or
- (b) in purported compliance with subsection (1)(b), knowingly or recklessly furnishes any information or document that is false or misleading in a material particular,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

Remuneration and expenses of Authority and others in certain cases

53. The Authority may at any time fix the remuneration and expenses to be paid by a bank —

- (a) to a statutory adviser or statutory manager appointed in relation to the bank, whether or not the appointment has been revoked; and
- (b) where the Authority has assumed control of the relevant business of the bank, to the Authority and any person employed or authorised by the Authority under section 3 in relation to its assumption of control of the relevant business, whether or not the Authority has ceased to be in control of the relevant business.

[1/2007]

Appointment of chief executive officer and other persons

53A.—(1) A bank incorporated in Singapore must obtain the prior approval of the Authority for the appointment of any of the following:

- (a) all directors;
- (b) the chairman of the board of directors;
- (c) the chief executive officer and the deputy chief executive officer;
- (d) a person holding such appointment in the bank as may be prescribed.

(2) A bank incorporated outside Singapore must obtain the prior approval of the Authority for the appointment of the following persons for its bank in Singapore:

- (a) the chief executive officer and the deputy chief executive officer;
- (b) a person holding such appointment in the bank as may be prescribed.

(3) Without prejudice to any other matter that the Authority may consider relevant, the Authority, in determining whether to grant its approval under subsection (1) or (2), must have regard to whether the person is a fit and proper person to hold the office or appointment in accordance with the Guidelines on Fit and Proper Criteria.

(4) The Authority may —

- (a) grant its approval under subsection (1) or (2), with or without conditions; and
- (b) at any time vary or revoke any existing condition or impose conditions or additional conditions.

(5) Without limiting the generality of section 78, the Authority may prescribe —

- (a) the duties of a person appointed under subsection (1) or (2); and
- (b) the maximum term for which a person appointed under subsection (1) or (2) may hold such office or appointment.

(6) A bank incorporated in Singapore must immediately inform the Authority after the bank becomes aware that a person who holds an office or appointment referred to in subsection (1) is, in accordance with the Guidelines on Fit and Proper Criteria, no longer a fit and proper person to hold that office or appointment.

(7) A bank incorporated outside Singapore must immediately inform the Authority after the bank becomes aware that a person who holds an office or

appointment referred to in subsection (2) is, in accordance with the Guidelines on Fit and Proper Criteria, no longer a fit and proper person to hold that office or appointment.

(8) Any bank which contravenes subsection (1) or (2), or fails to comply with any condition imposed by the Authority under subsection (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

(9) Any bank which contravenes subsection (6) or (7) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

[Act 5 of 2016 wef 30/11/2018]

Disqualification or removal of director or executive officer

54.—(1) Notwithstanding the provisions of any other written law —

- (a) a bank in Singapore shall not, without the prior written consent of the Authority, permit a person to act as its executive officer; and
- (b) a bank in Singapore which is incorporated in Singapore shall not, without the prior written consent of the Authority, permit a person to act as its director,

if the person —

- (i) has been convicted, whether in Singapore or elsewhere, of an offence committed before, on or after the date of commencement of section 2(e) of the Financial Institutions (Miscellaneous Amendments) Act 2013, being an offence —
 - (A) involving fraud or dishonesty;
 - (B) the conviction for which involved a finding that he had acted fraudulently or dishonestly; or
 - (C) that is specified in the Third Schedule to the Registration of Criminals Act (Cap. 268);
- (ii) is an undischarged bankrupt, whether in Singapore or elsewhere;
- (iii) has had execution against him in respect of a judgment debt returned unsatisfied in whole or in part;
- (iv) has, whether in Singapore or elsewhere, entered into a compromise or scheme of arrangement with his creditors, being a compromise or scheme of arrangement that is still in operation;

- (v) has had a prohibition order under section 59 of the Financial Advisers Act (Cap. 110), section 35V of the Insurance Act (Cap. 142) or section 101A or 123ZZC of the Securities and Futures Act (Cap. 289) made against him that remains in force; or

[Act 4 of 2017 wef 08/10/2018]

- (vi) has been a director of, or directly concerned in the management of, a regulated financial institution, whether in Singapore or elsewhere —
 - (A) which is being or has been wound up by a court; or
 - (B) the approval, authorisation, designation, recognition, registration or licence of which has been withdrawn, cancelled or revoked by the Authority or, in the case of a regulated financial institution in a foreign country or territory, by the regulatory authority in that foreign country or territory.

(2) Despite the provisions of any other written law, where the Authority is satisfied that —

- (a) a director of a bank in Singapore which is incorporated in Singapore; or
- (b) an executive officer of a bank in Singapore,

is not a fit and proper person to be a director or an executive officer (as the case may be), the Authority may, by notice in writing to the bank, direct the bank to remove the director or executive officer from his office or employment within such period as may be specified by the Authority in the notice, and the bank must comply with the notice.

[Act 5 of 2016 wef 30/11/2018]

(3) In assessing whether to direct a bank to remove a director or an executive officer from his office or employment under subsection (2), the Authority may consider any matter which it considers relevant, including (but not limited to) whether —

- (a) he has wilfully contravened or wilfully caused the bank to contravene any provision of this Act;
- (b) he has, without reasonable excuse, failed to secure the compliance of the bank with this Act, the Monetary Authority of Singapore Act (Cap. 186) or any of the written laws set out in the Schedule to that Act;
- (c) he has failed to discharge any of the duties of his office or employment; or

- (d) his removal is necessary in the public interest or for the protection of the depositors of the bank.

[Act 5 of 2016 wef 30/11/2018]

(4) Before directing a bank in Singapore to remove a person from his office or employment under subsection (2), the Authority shall —

- (a) give the bank and the person notice in writing of its intention to do so; and
- (b) in the notice referred to in paragraph (a), call upon the bank and the person to show cause, within such time as may be specified in the notice, why the person should not be removed.

(5) If the bank and the person referred to in subsection (4) —

- (a) fail to show cause within the time specified under subsection (4)(b) or within such extended period of time as the Authority may allow; or
- (b) fail to show sufficient cause,

the Authority may direct the bank to remove the person under subsection (2).

(6) Any bank in Singapore which, or any director or executive officer of a bank in Singapore who, is aggrieved by a direction of the Authority under subsection (2) may, within 30 days after receiving the direction, appeal in writing to the Minister, whose decision shall be final.

(7) Any bank in Singapore which contravenes subsection (1) or fails to comply with a notice issued under subsection (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

(8) No criminal or civil liability shall be incurred by a bank in Singapore, or any person acting on behalf of the bank, in respect of anything done or omitted to be done with reasonable care and in good faith in the discharge or purported discharge of the obligations of the bank under this section.

(9) In this section, unless the context otherwise requires —

“regulated financial institution” means a person who carries on a business, the conduct of which is regulated or authorised by the Authority or, if it is carried on in Singapore, would be regulated or authorised by the Authority;

“regulatory authority”, in relation to a foreign country or territory, means an authority of the foreign country or territory exercising any function that corresponds to a regulatory function of the Authority under this Act, the

Monetary Authority of Singapore Act or any of the written laws set out in the Schedule to that Act.

[Act 10 of 2013 wef 18/04/2013]

54A. *[Repealed by Act 10 of 2013 wef 18/04/2013]*

54B. *[Repealed by Act 10 of 2013 wef 18/04/2013]*

Notices to banks

~~55.—(1) The Authority may, if it appears to the Authority to be necessary or expedient in the public interest, or in the interest of depositors or the financial system in Singapore, by notice in writing to a bank in Singapore or a class of banks in Singapore give directions or impose requirements on or relating to the operations or activities of, or the standards to be maintained by, the bank or banks.~~

~~*[1/2007]*~~

~~(2) Without prejudice to the generality of subsection (1), any notice under that subsection may be given in respect of—~~

- ~~(a) the revaluation of the assets of banks;~~
- ~~(b) the maintenance of credit files of borrowers and the grading of loans;~~
- ~~(c) the prohibition or control of the sale of commemorative coins or medals;~~
- ~~(d) the deposit of specified securities with authorised depositaries;~~
- ~~(e) the issue of Singapore dollar negotiable certificates of deposit;~~
- ~~(f) prior notification to the Authority of changes in interest rates and minimum lending rates of banks;~~
- ~~(g) restrictions on the granting of Singapore dollar credit facilities in whatever form or by whatever means to residents of Singapore where such facilities are to be used outside Singapore, or to non-residents;~~
- ~~(h) *[Deleted by Act 5 of 2016 wef 30/11/2018]*~~
- ~~(i) the maintenance of a register of dealers of a bank;~~
- ~~(j) the terms and conditions for the operation of a bank's current and other accounts with the Authority;~~
- ~~(k) the manner in which a bank conducts its dealings with its customers, the procedures for the reporting of transactions between a bank and its employees, and conflicts of interest involving a bank and its employees or involving a bank and its customers;~~

- ~~(l) the maximum aggregate permissible percentage holdings by any class, category or description of persons of interests in shares of a bank incorporated in Singapore;~~
 - ~~(m) the limits for the total amount of foreign exchange transactions which a bank incorporated in Singapore may undertake and for this purpose the limits may be applied uniformly to all such banks or separate limits may be determined for any particular bank incorporated in Singapore or for 2 or more of such banks;~~
 - ~~(n) the opening of new places of business and representative offices and the change of location of any place of business or representative office;~~
[Act 5 of 2016 wef 30/11/2018]
 - ~~(o) the installation of automated teller machines by a bank;~~
 - ~~(p) the provision for and the writing off of bad debts;~~
 - ~~(q) any audit of a Singapore branch of a bank by an internal auditor from its head office which is outside Singapore;~~
 - ~~(r) the forms, returns and submissions of statistics for the purposes of this Act.~~
[28/93; 23/2001; 1/2007]
- ~~(3) A bank in Singapore shall comply with any direction given to the bank or any requirement imposed on the bank by any notice issued under this Act.~~
[1/2007]
- ~~(4) It shall not be necessary to publish any notice in writing issued under this Act in the Gazette.~~
[Act 10 of 2013 wef 18/04/2013]

PART VIIA

TRANSFER OF BUSINESS

*[Act 5 of 2016 wef 30/11/2018]
[Act 10 of 2013 wef 18/04/2013]*

Division 1 — Transfer of business of bank

[Act 5 of 2016 wef 30/11/2018]

Interpretation of this Division

55A. In this Division, unless the context otherwise requires —

“business” includes affairs, property, right, obligation and liability;

“Court” means the High Court or a Judge thereof;

“debenture” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“property” includes property, right and power of every description;

“transferee” means a bank in Singapore, or a company which has applied for or will be applying for a licence to carry on banking business in Singapore, to which the whole or part of a transferor’s business is, or is to be, or is proposed to be, transferred under this Division;

“transferor” means a bank in Singapore, the whole or part of the business of which is, or is to be, or is proposed to be, transferred under this Division.

[1/2007]

Conditions for transfer of business

55B.—(1) A transferor may voluntarily transfer the whole or any part of its business (including its non-banking business) to a transferee which is licensed to carry on banking business in Singapore, if —

- (a) where the transferor is a bank incorporated in Singapore, the Minister has consented to the transfer or has certified that his consent is not required;
- (b) where the transferor is a bank incorporated outside Singapore, the business to be transferred is reflected in the books of the transferor in Singapore in relation to its operations in Singapore;
- (c) the transfer involves the whole or part of the banking business of the transferor; and
- (d) the Court has approved the transfer.

[1/2007]

[Act 5 of 2016 wef 30/11/2018]

(1A) A transferor must transfer the whole or any part of its banking business in Singapore to a company incorporated by the bank or its parent bank under the Companies Act (Cap. 50) for the purpose of carrying on that business or that part of the business, if —

- (a) it is directed by the Authority under section 55BA to do so; and
- (b) the Court has approved the transfer.

[Act 5 of 2016 wef 30/11/2018]

(2) Subsections (1) and (1A) are without prejudice to the right of a bank to transfer the whole or any part of its business under any law.

[1/2007]

[Act 5 of 2016 wef 30/11/2018]

(3) The Minister may consent to a transfer under subsection (1)(a) if —

(a) the Authority is satisfied that —

- (i) the transferee is a fit and proper person; and
- (ii) the transferee will conduct the business of the transferor prudently and comply with the provisions of this Act; and

(b) the Minister is satisfied that it is in the national interest to do so.

[1/2007]

(4) The Minister or the Authority may at any time appoint one or more persons to perform an independent assessment of, and furnish a report on, the proposed transfer of a transferor's business (or any part thereof) under this Division, whether the transferor is a bank incorporated in or outside Singapore.

[1/2007]

(5) The remuneration and expenses of any person appointed under subsection (4) shall be paid by the transferor and the transferee jointly and severally.

[1/2007]

(6) The Authority shall serve a copy of any report furnished under subsection (4) on the transferor and the transferee.

[1/2007]

[Act 5 of 2016 wef 30/11/2018]

Power to require incorporation and transfer of business

55BA.—(1) The Authority may, by notice in writing to a bank incorporated outside Singapore, direct the bank to transfer the whole or any part of its banking business in Singapore to a company incorporated or to be incorporated by the bank or its parent bank under the Companies Act (Cap. 50).

(2) The bank that is so directed by the Authority must —

- (a) apply to the Court, within the period specified in the notice (including any extension approved by the Authority), for the Court's approval of the transfer of the whole or any part of its banking business in Singapore to a company incorporated or to be incorporated by the bank or its parent bank under the Companies Act for the purpose of carrying on that business or that part of the business, and use all reasonable efforts to obtain such approval; and

- (b) upon approval of the Court, incorporate such company (if applicable), and transfer that business or that part of the business to the company in accordance with the terms of the approval and within such time as the Authority may specify in the notice (including any extension approved by the Authority).

(3) The Authority may only make the direction in subsection (1) if it is of the opinion that —

- (a) it is necessary or expedient in the public interest;
- (b) it is in the interest of the depositors of the bank; or
- (c) it is in the interest of the financial system in Singapore,

for the bank to carry out the acts mentioned in that subsection.

(4) A bank which fails to comply with a notice under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

Approval of transfer

55C.—(1) A transferor shall apply to the Court for its approval of the transfer of the whole or any part of the business of the transferor to a transferee under this Division.

[1/2007]

(2) Before making the application —

- (a) the transferor shall lodge with the Authority a report setting out such details of the transfer and furnish such supporting documents as the Authority may specify;
- (b) where the transferor is a bank incorporated in Singapore, the transferor shall obtain the consent of the Minister or the certification of the Minister that his consent is not required;
- (c) the transferor and the transferee shall, if they intend to serve on their respective customers a summary of the transfer, obtain the approval of the Authority of the summary;
- (d) the transferor shall, at least 15 days before the application is made, publish in the *Gazette* and in such newspaper or newspapers as may be determined by the Authority a notice of its intention to make the

application and containing such other particulars as may be prescribed, not earlier than one month after the report is lodged with the Authority under paragraph (a);

- (e) the transferor and the transferee shall keep at their respective offices in Singapore a copy of the report referred to in paragraph (a) for a period of 15 days after the publication of the notice in the *Gazette* under paragraph (d), for the purpose of inspection by any person who may be affected by the transfer; and
- (f) unless the Court directs otherwise, the transferor and the transferee shall serve on their respective customers affected by the transfer at least 15 days before the application is made, a copy of the report referred to in paragraph (a) or a summary of the transfer approved by the Authority under paragraph (c).

[1/2007]

(3) The Authority and any person who, in the opinion of the Court, is likely to be affected by the transfer —

- (a) shall have the right to appear and be heard before the Court in any proceedings relating to the transfer; and
- (b) may make any application to the Court in relation to the transfer.

[1/2007]

(4) Where the transferor is a bank incorporated in Singapore, the Court shall not approve the transfer if the Minister has not consented to the transfer and has not certified that his consent is not required.

[1/2007]

(5) The Court may, after taking into consideration the views, if any, of the Minister and the Authority —

- (a) approve the transfer without modification or subject to any modification agreed to by the transferor and the transferee; or
- (b) refuse to approve the transfer.

[Act 5 of 2016 wef 30/11/2018]

(5A) In an application made on a direction issued under section 55BA(1) by the Authority, the transferor must notify the Authority immediately if the Court —

- (a) approved the transfer of business subject to any modification; or
- (b) refused to approve the transfer of business.

[Act 5 of 2016 wef 30/11/2018]

(6) If the transferee is not licensed to carry on banking business in Singapore, the Court may approve the transfer on terms that it shall take effect only in the event of the transferee becoming so licensed.

[1/2007]

(7) The Court may by the order approving the transfer or by any subsequent order provide for all or any of the following matters:

- (a) the transfer to the transferee of the whole or any part of the business of the transferor;
- (b) the allotment or appropriation by the transferee of any share, debenture, policy or other interest in the transferee which under the transfer is to be allotted or appropriated by the transferee to or for any person;
- (c) the continuation by (or against) the transferee of any legal proceedings pending by (or against) the transferor;
- (d) the dissolution, without winding up, of the transferor;
- (e) the provisions to be made for persons who are affected by the transfer;
- (f) such incidental, consequential and supplementary matters as are, in its opinion, necessary to secure that the transfer is fully effective.

[1/2007]

(8) An order under subsection (7) may —

- (a) provide for the transfer of any business whether or not the transferor otherwise has the capacity to effect the transfer in question;
- (b) make provision in relation to any property which is held by the transferor as trustee; and
- (c) make provision as to any future or contingent right or liability of the transferor, including provision as to the construction of any instrument under which such right or liability may arise.

[1/2007]

(9) Subject to subsection (10), if an order is made under subsection (7), then by virtue of the order the business (or any part thereof) of the transferor specified in the order shall be transferred to and vest in the transferee, free in the case of any particular property (if the order so directs) from any charge which is by virtue of the transfer to cease to have effect.

[1/2007]

(10) No order under subsection (7) shall have any effect or operation in transferring or otherwise vesting land in Singapore until the appropriate entries are made with respect to the transfer or vesting of that land by the appropriate authority.

[1/2007]

(11) If any business specified in an order under subsection (7) is governed by the law of any foreign country or territory, the Court may order the transferor to take all necessary steps for securing that the transfer of the business to the transferee is fully effective under the law of that country or territory.

[1/2007]

(12) Where an order is made under this section, the transferor and the transferee shall each lodge within 7 days of the order —

- (a) a copy of the order with the Registrar and with the Authority; and
- (b) where the order relates to land in Singapore, an office copy of the order with the appropriate authority concerned with the registration or recording of dealings in that land.

[1/2007]

(13) A transferor or a transferee which fails to comply with subsection (12) and every officer of the transferor or the transferee who fails to take all reasonable steps to secure compliance by the transferor or the transferee, as the case may be, with that subsection shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$2,000 and, in the case of a continuing offence, to a further fine not exceeding \$200 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(14) For the purposes of this section, where the transfer is one referred to in section 55B(1A) and the transferee has yet to be incorporated when the application is made to the Court —

- (a) subsections (2), (5), (12) and (13) apply as if there is no reference to the transferee;
- (b) the reference in subsection (6) to the transferee becoming licensed to carry on banking business in Singapore is a reference to the transferee at the time it is incorporated and so licensed; and
- (c) a reference in subsections (7), (9) and (11) to the transferee is a reference to the transferee when it is incorporated.

[Act 5 of 2016 wef 30/11/2018]

Division 2

[Repealed by Act 10 of 2013 wef 18/04/2013]

Division 3

[Repealed by Act 10 of 2013 wef 18/04/2013]

Division 4

[Repealed by Act 10 of 2013 wef 18/04/2013]

Division 5 — Miscellaneous

Power to obtain information under this Part

55N.—(1) The Minister or the Authority may require a person to furnish, within the period and in the manner specified by the Minister or the Authority, any information that the Minister or the Authority may reasonably require for the discharge of his or its duties or functions, or the exercise of his or its powers, under this Part.

[1/2007]

(2) Any person who —

- (a) without reasonable excuse, fails to comply with any requirement under subsection (1); or
- (b) in purported compliance with any requirement under subsection (1), furnishes any information knowing or reckless that the information is false or misleading in a material particular,

shall be guilty of an offence and shall be liable on conviction —

- (i) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part of a day during which the offence continues after conviction; or
- (ii) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every

day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

(3) Where a person claims, before furnishing the Authority with any information that the person is required to furnish under subsection (1), that the information might tend to incriminate the person, the information is not admissible in evidence against the person in criminal proceedings other than proceedings under this section.

[Act 5 of 2016 wef 30/11/2018]

55O. *[Repealed by Act 10 of 2013 wef 18/04/2013]*

Regulations for this Part

55P. The Minister may make such regulations as may be necessary or expedient for carrying out the purposes and provisions of this Part and for prescribing anything that may be required to be prescribed under this Part.

[1/2007]

PART VIIB **MERCHANT BANKS**

Division 1 – Interpretation and application of Parts III to VIIA

Interpretation of this Part

55Q.—(1) In this Part, unless the context otherwise requires –

“deposit” has the same meaning as in section 4B(4) read with sections 4B(4A), 4B(5), 4B(6) and 4B(10);

“deposit-taking business” has the same meaning as in section 4B(7) read with sections 4B(8) and 4B(9);

“permitted business” means one or more of the following:—

(a) banking business;

(b) deposit-taking business;

“merchant bank group” has the same meaning as “bank group” as defined in section 48AA(5), except that references to a bank shall be read as references to a merchant bank.

Application of Parts III to VIIA to this Part

55R.— (1) Where any provision in Parts III to VIIA (called in this section an incorporated provision) is incorporated by reference in this Part, whether with or without modification, then, in addition to any specific modifications set out in this Part –

- (a) the incorporated provision applies with the necessary modifications;
- (b) a reference in the incorporated provision to another incorporated provision is to that other provision as applied in this Part;
- (c) a reference in the incorporated provision to —
 - (i) a bank is to a merchant bank;
 - (ii) a class of banks is to a class of merchant banks;
 - (iii) a bank in Singapore is to a merchant bank in Singapore;
 - (iv) a bank incorporated in Singapore is to a merchant bank incorporated in Singapore;
 - (v) a bank incorporated outside Singapore is to a merchant bank incorporated outside Singapore;
 - (vi) a foreign-owned bank incorporated in Singapore is to a foreign-owned merchant bank incorporated in Singapore;
 - (vii) a bank group is to a merchant bank group; or
 - (viii) banking business is to permitted business.
- (d) the incorporated provision applies subject to such other modifications as may be prescribed by regulations made under subsection (2).

(2) The Authority may make regulations to prescribe further modifications to an incorporated provision in its application by this Part.

Division 2 – Licensing of merchant banks

Licensing of merchant banks

55S.—(1) A company which desires authority to carry on permitted business in Singapore may apply in writing to the Authority for a merchant bank licence under this section.

(2) Notwithstanding anything in this Part, a merchant bank must not —

(a) accept any deposit in Singapore dollars other than deposits from the following persons:

- (i) any person or class of persons as the Authority may prescribe, subject to such conditions as may be prescribe;⁴
- (ii) any other person as the Authority may approve for the purposes of this paragraph, subject to such conditions as the Authority may impose;

(b) borrow from the public in any form in Singapore dollars other than the following persons:

- (i) any person or class of persons as the Authority may prescribe, subject to such conditions as may be prescribe;
- (ii) any other person as the Authority may approve for the purposes of this paragraph, subject to such conditions as the Authority may impose;

(c) raise moneys in Singapore dollars by –

- (i) issuing promissory notes, commercial papers, certificates of deposit;
- (ii) accepting or endorsing bills of exchange; or
- (iii) such other method as the Authority may prescribe; or

(d) conduct such other activity as the Authority may prescribe.

(3) The Authority may at any time add to, vary or revoke any condition imposed under subsection (2).

(4) Any merchant bank which contravenes subsection (2) or fails to comply with any condition imposed under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

⁴ The list of specified persons, namely any bank, finance company, any shareholder of the merchant bank and any company controlled by such shareholder, will be specified in Regulations. This mirrors the existing Guidelines for Operation of Merchant Banks, which will be withdrawn once these Banking Act amendments and the new Regulations take effect.

Application for licence or variation of condition applicable to merchant banks

55T.— (1) A company which desires to apply for a merchant bank licence under section 55S shall supply —

- (a) a copy of the memorandum of association and articles of association or other instrument under which the company is incorporated, duly verified by a statutory declaration made by a senior officer of the company;
- (b) a copy of the latest balance-sheet of the company; and
- (c) such other information as may be called for by the Authority.

(2) Upon receiving an application under subsection (1), the Authority shall consider the application and may, subject to section 55W, grant a licence, with or without conditions, or refuse to grant a licence.

(3) The Authority may at any time vary or revoke any existing conditions of a licence or impose conditions or additional conditions thereto.

(4) The Authority shall, prior to any action under subsection (3) —

- (a) notify its intention to take that action to the merchant bank concerned; and
- (b) give the merchant bank an opportunity to submit reasons why the conditions of its licence should not be so varied or revoked.

(5) Where a licence is subject to conditions, the merchant bank shall comply with those conditions.

(6) Any merchant bank which fails to comply with any of the conditions of its licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues after conviction.

(7) An application under subsection (1) must be accompanied by a non-refundable application fee of such amount as the Authority may, by notification in the *Gazette*, prescribe, which must be paid in the manner specified by the Authority.

(8) Any person who furnishes any document or information in connection with an application under subsection (1), knowing or reckless that the document or information is false or misleading in a material particular, shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or
- (b) in any other case, to a fine not exceeding \$250,000.

Revocation of merchant bank licence

55U.—(1) The Authority may by order revoke a licence issued under section 55T—

- (a) if the Authority is satisfied that the merchant bank holding that licence
 -
 - (i) has ceased to transact all permitted business in Singapore;
 - (ii) has furnished information or documents to the Authority in connection with its application for a licence which is or are false or misleading in a material particular;
 - (iii) if it is a merchant bank incorporated outside Singapore, has had its licence or authority to operate withdrawn by the supervisory authority which is responsible, under the laws of the country or territory where the merchant bank is incorporated, formed or established, for supervising the merchant bank;
 - (iv) proposes to make, or has made, any composition or arrangement with its creditors or has gone into liquidation or has been wound up or otherwise dissolved;
 - (v) is carrying on its business in a manner likely to be detrimental to the interests of the depositors, customers or creditors of the merchant bank, or has insufficient assets to cover its liabilities to its depositors, customers, creditors or the public;
 - (vi) has contravened or is contravening any provision of this Act;
 - (vii) has been convicted of any offence under this Act or any of its directors or officers holding a managerial or executive position has been convicted of any offence under this Act; or
 - (viii) has contravened or is contravening any direction issued by the Authority under the Monetary Authority of Singapore Act (Cap. 186) or any provision of that Act; or
- (b) if, upon the Authority exercising any power under section 49(2) or the Minister exercising any power under Division 2, 3, 4 or 4A of Part IVB of the Monetary Authority of Singapore Act (Cap. 186) in relation to the merchant bank, the Authority considers that it is in the public interest to revoke the licence;

(c) if it is a foreign-owned merchant bank incorporated in Singapore, its parent bank has had its licence or authority to operate withdrawn by the supervisory authority; or

(d) if the Authority considers it in the public interest to do so.

(2) Before revoking any licence under subsection (1), the Authority must —

(a) give the merchant bank concerned notice in writing of its intention to do so; and

(b) in the notice referred to in paragraph (a), call upon the merchant bank to show cause, within such time as may be specified in the notice, as to why the licence should not be revoked.

(3) If the merchant bank referred to in subsection (2) –

(a) fails to show cause within the time specified in the notice or within such extended period of time as the Authority may allow in any particular case; or

(b) fails to show sufficient cause,

the Authority must give notice in writing to the merchant bank of the revocation and the date, which must not be less than 21 days after the date of the notice, on which the revocation is to take effect (referred to in this section the revocation date).

(4) An order for revocation made by the Authority shall take effect on the revocation date referred to in the notice issued under subsection (3).

(5) Any merchant bank whose licence has been revoked under this section may, within 21 days of the Authority informing the merchant bank of the revocation under subsection (3), appeal to the Minister in writing whose decision shall be final.

(6) If within the period specified in subsection (5), the merchant bank concerned gives due notice of appeal to the Minister, the order by the Authority to revoke the licence shall not take effect unless the order is confirmed by the Minister or the appeal is for any reason dismissed by the Minister.

(7) The making of an appeal by a merchant bank under this section shall in no way affect the exercise of any power by the Authority under section 49, 50, 51, 52 or 53, or the exercise of any power by the Minister under Division 2, 3, 4 or 4A of Part IVB of the Monetary Authority of Singapore Act (Cap. 186), in relation to the merchant bank.

Application of provisions in Part III to merchant banks

55V. (1) Sections 8, 10, 10A, 10B, 11A, 13, 19 and 21 apply in relation to merchant banks as they apply in relation to banks, subject to section 55R and the following modifications:

(a) subsection (2) of section 8 is omitted;

(b) in place of subsection (1) of section 10, the following provision applies:

“(1) The Authority may, by notice in writing, require any merchant bank in Singapore or class of merchant banks in Singapore to maintain capital funds in Singapore of such amount (not being less than the minimum prescribed in section 55W) and in such manner as the Authority considers appropriate, having regard to the risks arising from the activities of the merchant bank or class of merchant banks, as the case may be, and such other factors as the Authority considers relevant.”.

(c) in place of subsection (1)(b) of section 21, the following provision applies:

“(b) the merchant bank must, as from the date of the notice, cease to transact all permitted business in Singapore except as may be approved by the Authority for the purpose of winding up any such business.”

Minimum capital requirements of merchant banks

55W.— (1) Subject to this Act, an applicant shall not be granted a merchant bank licence under section 55T unless —

(a) where the applicant intends to carry on permitted business in Singapore as a merchant bank incorporated in Singapore, its respective paid-up capital and capital funds are not less than \$15 million or such other amount as may be prescribed or approved by the Authority; or

(b) where the applicant intends to carry on permitted business in Singapore as a merchant bank incorporated outside Singapore, its head office

capital funds are not less than \$200 million or such other amount as may be approved by the Authority.

(2) Subject to subsection (3), the paid-up capital and capital funds of a merchant bank incorporated in Singapore must be denominated in Singapore dollars or any currency approved by the Authority, and must be in ordinary shares.

(3) Any amount of paid-up capital or capital funds of a merchant bank incorporated in Singapore above the amount referred to in subsection (1)(a) may be denominated in any currency, and may be in any type of shares.

(4) A merchant bank incorporated in Singapore shall not reduce its paid-up capital, or purchase or otherwise acquire shares issued by the merchant bank if such shares are to be held as treasury shares, without the approval of the Authority.

(5) A merchant bank must at all times maintain —

(a) if it is a merchant bank incorporated in Singapore, paid-up capital and capital funds of not less than the amount referred to in subsection (1)(a); or

(b) if it is a merchant bank incorporated outside Singapore, head office capital funds of not less than the equivalent of the amount referred to in subsection (1)(b).

(6) Any merchant bank which fails to comply with any requirement under subsection (2) or (5) shall immediately notify the Authority.

(7) Where a merchant bank fails to comply with any provision of this section, the Authority may, without prejudice to subsection (8), by notice in writing to the merchant bank —

(a) restrict or suspend the operations of the merchant bank; or

(b) give such directions to the bank as the Authority considers appropriate, and the merchant bank shall comply with such directions.

(8) Any merchant bank which fails to comply with —

(a) subsection (2), (4), (5) or (6); or

(b) any restriction or suspension imposed by the Authority, or any direction of the Authority, under subsection (7),

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine

not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

(9) In this section —

“head office capital funds”, in relation to a merchant bank incorporated outside Singapore, means the respective aggregate of its —

- (a) paid-up capital (or its equivalent recognised by the Authority as applicable to the merchant bank under the laws of the country or territory in which the merchant bank is incorporated, formed or established); and
- (b) published reserves (excluding such reserves as the Authority may specify in writing), deduction having been made for any loss appearing in the accounts of the merchant bank;

“paid-up capital” does not include any amount that is represented by treasury shares.

New place of business and change of location of existing place of business for merchant banks

55X.—(1) Except with the approval of the Authority, a merchant bank must not —

- (a) open a new place of business in Singapore;
- (b) change the location of an existing place of business in Singapore; or
- (c) conduct any business from the new place of business referred to in paragraph (a) or the relocated place of business referred to in paragraph (b).

(2) Except with the approval of the Authority, a merchant bank incorporated in Singapore must not open a new branch, agency or office in a place outside Singapore.

(3) An application for approval under subsection (1) or (2) must be made in such form and manner as the Authority may specify.

(4) On receiving an application, the Authority may —

- (a) approve the application, with or without conditions; or
- (b) reject the application.

(5) The Authority may at any time vary or revoke any existing condition, or impose conditions or additional conditions.

(6) A merchant bank which contravenes subsection (1) or (2), or fails to comply with any condition imposed under subsection (4) or (5), shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

Control of shareholdings and voting power in merchant banks

55Y.—(1) This section shall apply to, and in relation to, all individuals whether resident in Singapore or not and whether citizens of Singapore or not, and to all bodies corporate or unincorporated, whether incorporated or carrying on business in Singapore or not.

(2) A merchant bank must notify the Authority within 7 days of the merchant bank becoming aware of the following:

- (a) any transfer, sale or purchase, or any proposed transfer, sale or purchase, of any shares in the merchant bank;
- (b) any change or proposed change in an indirect controller.

(3) No person shall, on or after 1 October 2020, transfer, sell or purchase any share in a merchant bank without the prior approval of the Authority.

(4) The Authority may approve an application made by any person under subsection (3) if the Authority is satisfied that –

- (a) the person is a fit and proper person; and
- (b) having regard to the likely influence of the person, the merchant bank will or will continue to conduct its business prudently and comply with the provisions of this Act.

(5) Any approval under this section may be granted to any person subject to such conditions as the Authority may determine, including but not limited to any condition –

- (a) restricting the person's further acquisition of shares or voting power in the merchant bank concerned; or
- (b) restricting the person's exercise of voting power in the merchant bank.

(6) The Authority may at any time add to, vary or revoke any condition imposed under subsection (5).

(7) Any condition imposed under subsection (5) shall have effect notwithstanding any of the provisions of the Companies Act (Cap. 50) or anything contained in the memorandum or articles of association of the licensed merchant bank concerned.

(8) In subsection (2), “indirect controller” means any person, whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in a merchant bank –

(a) in accordance with whose directions, instructions or wishes the directors of the merchant bank are accustomed or under an obligation, whether formal or informal, to act; or

(b) who is in a position to determine the policy of the merchant bank,

but does not include any person –

(i) who is a director or other officer of the merchant bank whose appointment has been approved by the Authority; or

(ii) in accordance with whose directions, instructions or wishes the directors of the merchant bank are accustomed to act by reason only that they act on advice given by him in his professional capacity.

(9) A merchant bank must immediately inform the Authority after the merchant bank becomes aware that –:

(a) a person approved under subsection (3) is, in accordance with the Guidelines on Fit and Proper Criteria, not a fit and proper person; or

(b) the merchant bank is not likely to be able to conduct its business prudently or to comply with the provisions of this Act or any other written law applicable to it, having regard to the likely influence over the merchant bank of the person approved under subsection (3).

(10) If the Authority is satisfied that any person approved under subsection (3) is, in accordance with the Guidelines on Fit and Proper Criteria, not a fit and proper person, the Authority may, by notice in writing –

(a) direct the transfer or disposal of all or any of the shares in the merchant bank held by the person or any of his associates (referred to in this section as specified shares) within such time or subject to such conditions as the Authority considers appropriate;

(b) restrict the transfer or disposal of the specified shares; or

(c) make such other direction as the Authority considers appropriate.

(11) In the case of any direction made under subsection (10)(a) or (b), until a transfer or disposal is effected in accordance with the direction or until the restriction on the transfer or disposal is removed, as the case may be, notwithstanding any of the provisions of the Companies Act (Cap. 50) or anything contained in the memorandum or articles of association of the merchant bank —

- (a) no voting rights shall be exercisable in respect of the specified shares unless the Authority expressly permits such rights to be exercised;
- (b) no shares of the merchant bank shall be issued or offered (whether by way of rights, bonus or otherwise) in respect of the specified shares unless the Authority expressly permits such issue or offer; and
- (c) except in a liquidation of the merchant bank, no payment shall be made by the merchant bank of any amount (whether by way of dividends or otherwise) in respect of the specified shares unless the Authority expressly authorises such payment.

(12) Any person who fails to comply with –

- (a) subsections (2), (3) or (9);
- (b) any condition imposed under subsection (5); or
- (c) any direction specified in a notice given under subsection (10),

shall be guilty of an offence and shall be liable on conviction –

- (i) in the case of an individual, to a fine not exceeding \$125,000 and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (ii) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

Power of Authority to obtain information from merchant banks

55Z.—(1) The Authority may, by notice in writing, direct any merchant bank to obtain from any of its shareholders and to transmit to the Authority any information relating to its shareholders which the Authority may require for the purpose of ascertaining or investigating into the control of shareholding or voting power in the merchant bank, including information –

- (a) as to whether that shareholder holds any share in the merchant bank as beneficial owner or as trustee; and
- (b) if he holds the share as trustee, to indicate as far as he can, the person for whom he holds the share (either by name or by other particulars sufficient to enable that person to be identified) and the nature of his interest,

and the merchant bank shall comply with that direction within such time as may be specified in the notice.

(2) The Authority may, by notice in writing, require any shareholder of a merchant bank, or any person who appears from information provided to the Authority under subsection (1) or this subsection to have an interest in any share in a merchant bank, to provide to the Authority any information relating to the shareholder or the person, as the case may be, which the Authority may require for the purpose of ascertaining or investigating into the control of shareholding or voting power in the merchant bank, including whether he holds that interest as beneficial owner or as trustee, and if he holds the interest as trustee, to indicate as far as he can, the person for whom he holds the interest (either by name or by other particulars sufficient to enable that person to be identified) and the nature of his interest, and the shareholder or the person shall comply with that notice within such time as may be specified therein.

(3) Any person who –

(a) fails to comply with a notice under this section; or

(b) in purported compliance of the notice, knowingly or recklessly furnishes any information or document that is false or misleading in a material particular,

shall be guilty of an offence.

(4) Any person convicted of an offence under this section shall be liable on conviction –

(a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or

(b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day of part thereof during which the offence continues after conviction.

(5) Where a person claims, before providing any information to a merchant bank under subsection (1) or to the Authority under subsection (2), that the information might tend to incriminate the person, the information is not admissible in evidence against the person in criminal proceedings, other than proceedings for an offence under this section.

Division 3 – Balance sheets, exposures and information of merchant banks

Application of provisions in Part IV to merchant banks

55ZA. – (1) Subject to section 55R and subsection (2), sections 23, 26, 27 and 28 of Part IV apply to a merchant bank or a director of a merchant bank as they apply to a bank or a director of a bank, as the case may be.

(2) The following provision applies in place of section 26(2)(b):

“in the case of a merchant bank incorporated in Singapore, within such period as the Authority may require, its interim profit and loss account for such interval as may be determined by the Authority”.

Division 4 – Prohibited business of merchant banks

Application of provisions in Part V to merchant banks

55ZB. – (1) Subject to section 55R and subsection (2), sections 32 and 35 of Part V apply to a merchant bank in Singapore as they apply to a bank in Singapore.

(2) The following definition applies in place of the definition of “major stake” in section 32(7):

“major stake” in relation to an entity, means —

- (a) any beneficial interest exceeding 20% of the total number of issued shares or such other measure corresponding to shares in a company as may be prescribed;
- (b) control of over more than 20% of the voting power or such other measure corresponding to voting power in a company as may be prescribed; or
- (c) any interest in the entity, by reason of which the management of the entity is accustomed or under an obligation, whether formal or informal, to act in accordance with the bank’s directions, instructions or wishes, or where the bank is in a position to determine the policy of the entity;”.

Exposures and credit facilities of merchant banks

55ZC.—(1) The Authority may by notice in writing to any merchant bank incorporated in Singapore, or any class of merchant banks incorporated in Singapore, impose such requirements as may be necessary or expedient for the

purposes of limiting the exposure of the merchant bank, or a merchant bank within the class of merchant banks, to any person or class of persons that the Authority may prescribe or specify by notice in writing from time to time.

(2) Without prejudice to the generality of subsection (1), the Authority may in a notice issued under that subsection —

- (a) specify the limit on any exposure;
- (b) exclude any exposure from any limit;
- (c) specify the manner and process for measuring and aggregating any exposure;
- (d) exclude any merchant bank from any requirement imposed under subsection (1); and
- (e) vary any limit in a particular case.

(3) A merchant bank in Singapore shall not grant any credit facility against the security of its own shares.

(4) Any merchant bank which fails to comply with subsection (3) or any requirement imposed under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

Businesses which merchant banks in Singapore may carry out

55ZD.—(1) A merchant bank in Singapore may only carry on, or enter into any partnership, joint venture or other arrangement with any person to carry on, whether in Singapore or elsewhere, one or more of the following businesses:

- (a) permitted business;
- (b) any business the conduct of which is regulated or authorised by the Authority or, if carried on in Singapore, would be regulated or authorised by the Authority under any written law;
- (c) any business which is incidental to the business which the merchant bank may carry on under sub-paragraph (a) or (b);
- (d) any business or class of business as the Authority may prescribe, subject to such conditions as may be prescribed;
- (e) any other business as the Authority may approve for the purposes of this section, subject to such conditions as the Authority may impose.

(2) Nothing in this section shall be construed as exempting a merchant bank from any requirement which, apart from this section, the merchant bank is required to comply with under any written law for the conduct of any business.

(3) Any merchant bank which contravenes this section or fails to comply with any condition imposed or prescribed under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

Division 5 – Minimum asset requirements, funding requirements and powers of control over merchant banks, etc.

Application of provisions in Parts VI, VII and VIIA, etc. to merchant banks

55ZE. – (1) Subject to section 55R –

- (a) sections 38, 38A and 40 of Part VI apply to a merchant bank in Singapore as they apply to a bank in Singapore;
- (b) subject to the modifications in subsection (2), sections 40A, 41, 42, 43, 44, 44A, 45, 46, 46B, 47, 48, 48AA, 48A, 49, 50, 51, 52, 53, 53A and 54 of Part VII apply in relation to a merchant bank in Singapore as they apply in relation to a bank in Singapore;
- (c) sections 55A to 55P of Part VIIA apply to a merchant bank in Singapore in relation to its transfer of business as they apply to a bank in Singapore in relation to its transfer of business; and
- (d) the Fifth Schedule applies for the purposes of section 55ZA read with sections 27 and 28, and subsection (1)(a) read with section 38, as it applies to sections 27, 28 and 38.

(2) The modifications are as follows:

- (a) subsection (2) of section 44A is omitted;
- (b) in place of subsection (7) of section 45, the following provision applies:

“In this section, “parent bank”, in relation to a foreign-owned merchant bank incorporated in Singapore or a merchant bank incorporated outside Singapore, means a financial institution incorporated, formed or established outside Singapore of which the merchant bank is a subsidiary;”

(c) in place of the definition of “transferee” in section 55A, the following definition applies:

““transferee” means –

(i) a bank in Singapore or a company which has applied for or will be applying for a licence to carry on banking business in Singapore; or

(ii) a merchant bank in Singapore or a company which has applied or will be applying for a licence to carry on permitted business in Singapore,

to which the whole or part of a transferor’s business is, or is to be, or is proposed to be, transferred under this Division;”

(d) in place of subsection (1) of section 55B, the following provision applies:

“A transferor may voluntarily transfer the whole or any part of its business (including its business that is not permitted business) to a transferee, if –

(i) where the transferor is a merchant bank incorporated in Singapore, the Authority has consented to the transfer;

(ii) where the transferor is a merchant bank incorporated outside Singapore, the business to be transferred is reflected in the books of the transferor in Singapore in relation to its operations in Singapore;

(iii) the transfer involves the whole or part of the business that is permitted under the licence of the transferor; and

(iv) the Court has approved the transfer.”

(e) in place of subsection (6) of section 55C, the following provision applies:

“If the transferee is not licensed as a bank or merchant bank, the Court may approve the transfer on terms that it shall take effect only in the event of the transferee becoming so licensed.”

(f) in place of subsection (14)(b) in section 55C, the following provision applies:

“the reference in subsection (6) to the transferee becoming licensed as a bank or merchant bank is a reference to the transferee at the time it is incorporated and so licensed; and”

(g) the references to “Third Schedule” wherever it appears in section 47 is to “Seventh Schedule”.

PART VIII

CREDIT CARD AND CHARGE CARD BUSINESSES

[As the provisions in this Part relating to credit and charge card businesses are relevant for the merchant bank-related amendments proposed in this Consultation Paper, the provisions in this Part have been removed for the purpose of consultation.]

PART IX

MISCELLANEOUS

Auditing

58.—(1) Despite the provisions of the Companies Act (Cap. 50), every bank or merchant bank must —

- (a) on an annual basis, appoint an auditor and obtain the approval of the Authority to such appointment; and
- (b) where, for any reason, the auditor ceases to act for the bank or merchant bank, as soon as practicable thereafter, appoint another auditor and obtain the approval of the Authority to such appointment.

[Act 5 of 2016 wef 30/11/2018]

(2) An auditor shall not be approved by the Authority as an auditor for a bank or merchant bank unless the auditor is able to comply with such conditions in relation to the discharge of his duties as may be determined by the Authority.

[2/84]

[Act 5 of 2016 wef 30/11/2018]

(3) The Authority may appoint an auditor —

- (a) if the bank or merchant bank fails to appoint an auditor; or
- (b) if it considers it desirable that another auditor should act with the auditor appointed under subsection (1),

and may at any time fix the remuneration to be paid by the bank or merchant bank to that auditor.

(4) The duties of an auditor appointed under subsections (1) and (3) shall be —

- (a) to carry out, for the year in respect of which he is appointed, an audit of the accounts of the bank or merchant bank; and
- (b) to —

- (i) in the case of a bank incorporated in Singapore or a merchant bank incorporated in Singapore, make a report in respect of its latest financial statements or, where the bank or merchant bank is a parent company for which consolidated financial statements are prepared, consolidated financial statements, in accordance with section 207 of the Companies Act; or

- (ii) in the case of a bank incorporated outside Singapore or a merchant bank incorporated in Singapore, make a report on its latest annual balance sheet and profit and loss account together with any notes thereon showing the assets and liabilities and profit or loss arising out of the bank's or merchant bank's operations in Singapore which complies with section 207 of the Companies Act.

[Act 35 of 2014 wef 01/07/2015]

(5) The Authority may, by notice in writing, impose all or any of the following duties on an auditor in addition to those provided under subsection (4):

- (a) a duty to submit such additional information in relation to his audit as the Authority considers necessary;
- (b) a duty to enlarge or extend the scope of his audit of the business and affairs of the bank;
- (c) a duty to carry out any other examination or establish any procedure in any particular case;
- (d) a duty to submit a report on any of the matters referred to in paragraphs (b) and (c).

[2/84]

[Act 5 of 2016 wef 30/11/2018]

(5A) An auditor to whom a notice is given under subsection (5) must comply with each direction specified in the notice.

[Act 5 of 2016 wef 30/11/2018]

(6) The bank or merchant bank shall remunerate the auditor in respect of the discharge by him of all or any of the additional duties mentioned in subsection (5).

[2/84]

(6A) Despite any other provision of this Act or the provisions of the Companies Act, the Authority may, if it is not satisfied with the performance of any duty by an auditor of a bank or auditor of a merchant bank, at any time —

- (a) direct the bank or merchant bank, as the case may be, to remove the auditor; and
- (b) direct the bank or merchant bank, as the case may be, to appoint another auditor approved by the Authority, as soon as practicable after the removal,

and the bank or merchant bank, as the case may be, must comply with the directions.

[Act 5 of 2016 wef 30/11/2018]

(7) The auditor's report made under subsection (4) shall be attached to the balance-sheet and the profit and loss account, the financial statements or the consolidated financial statements, as the case may be, and a copy thereof together with any report submitted under subsection (5) shall be transmitted in writing to the Authority.

[2/84]

[Act 35 of 2014 wef 01/07/2015]

(8) If an auditor, in the course of the performance of his duties as an auditor of a bank or merchant bank, ~~is satisfied that~~ —

- (a) ~~is satisfied that~~ there has been a serious breach or non-observance of the provisions of this Act or that otherwise a criminal offence involving fraud or dishonesty has been committed;
- (b) ~~is satisfied that~~ losses have been incurred which reduce the capital funds of the bank incorporated in Singapore or the merchant bank incorporated in Singapore, as the case may be, by at least 50%;

[Act 5 of 2016 wef 30/11/2018]

- (ba) ~~becomes aware of any development that has occurred or is likely to occur which the auditor has reasonable grounds to believe has materially affected adversely, or is likely to materially affect adversely, the financial soundness of the bank~~ or merchant bank, as the case may be;

- (c) ~~is satisfied that~~ serious irregularities have occurred, including irregularities that jeopardise the security of the creditors of the bank or merchant bank, as the case may be; or

[Act 5 of 2016 wef 30/11/2018]

- (d) ~~the auditor~~ is unable to confirm that the claims of creditors of the bank or merchant bank, as the case may be are still covered by the assets,

[Act 5 of 2016 wef 30/11/2018]

he shall immediately report the matter to the Authority.

[2/84]

(9) In this section, “consolidated financial statements” and “financial statements” have the same meanings as in section 209A of the Companies Act.

[Act 35 of 2014 wef 01/07/2015]

(10) Where an auditor discloses in good faith to the Authority —

- (a) any information referred to in subsection (5)(a) or report referred to in subsection (5)(d);
- (b) any of the matters referred to in subsection (8); or
- (c) any information in support of that matter,

the disclosure is not to be treated as a breach of any restriction on the disclosure imposed by any law, contract or rules of professional conduct, and the auditor is not liable for any loss arising from the disclosure or any act or omission as a result of the disclosure.

[Act 5 of 2016 wef 30/11/2018]

(11) A bank or merchant bank which contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

(12) A bank or merchant bank which fails to comply with a direction under subsection (6A) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

(13) Any auditor who fails to carry out any duty referred to in subsection (4), or who fails to comply with subsection (5A) or (8), shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

Regulation of outsourcing arrangement

58A. — (1) The Authority may, as it thinks fit, having regard to the risks arising from the activities of the bank or class of banks, or merchant bank or class of merchant banks, as the case may be, and such other factors as the Authority considers relevant, issue directions to require any bank or merchant bank, as the case may be, to comply with such requirements relating to its outsourcing arrangements.

(2) Without limiting subsection (1), the Authority may require a bank or class of banks, or a merchant bank or class of merchant banks, to do one or more of the following:

- (a) to enter into an outsourcing agreement or in the case where an outsourcing arrangement is entered into by a related entity of the bank or merchant bank, as the case may be, with a service provider to provide a service to the bank or merchant bank, as the case may be, to ensure that its related entity enters into an outsourcing agreement with the service provider;
- (b) to include or ensure the inclusion of, such terms in the outsourcing agreement referred to in paragraph (a) which –
 - (i) requires the service provider to protect the confidentiality of any customer information;
 - (ii) requires the service provider to confer a right of inspection or audit on the bank, merchant bank or the Authority, or such person as the bank, merchant bank or Authority may appoint;
 - (iii) requires a service provider to provide to the bank, merchant bank or Authority such record, document, information or report relating to the outsourcing arrangement as the bank, merchant bank or the Authority, or such person as the bank, merchant bank or Authority may appoint, may require;
 - (iv) entitles the bank or the related entity of the bank, or merchant bank or related entity of the merchant bank, as the case may be, upon the instruction by the bank or merchant bank, as the case may be, to terminate the outsourcing agreement under certain circumstances the Authority may specify;

- (c) in the case where the bank or merchant bank allows the service provider to engage a sub-contractor to perform the whole or part of the service to the bank or merchant bank, as the case may be, to ensure that the service provider enters into a written agreement with its sub-contractors;
- (d) to ensure that the service provider includes such terms in the written agreement referred to paragraph (c) which -
 - (i) requires the sub-contractor to protect the confidentiality of any customer information of the bank or merchant bank;
 - (ii) requires the sub-contractor to confer a right of inspection or audit on the bank, merchant bank, or the Authority, or such person as the bank, merchant bank or Authority may appoint;
 - (iii) requires the sub-contractor to provide to the bank, merchant bank or Authority such record, document, information or report relating to the outsourcing arrangements as the bank, merchant bank or the Authority, or such person as the bank, merchant bank or Authority may appoint, may require;
- (e) notify the Authority of the occurrence of any of the circumstances referred to in paragraph (2)(b)(iv) and, if the Authority is satisfied that it is expedient in the public interest to do so, to direct the bank, merchant bank or class of banks or merchant banks to –
 - (i) exercise their rights under the outsourcing agreement to terminate the agreement; or
 - (ii) direct its related entity to terminate the agreement, where the related entity enters into the outsourcing agreement with the service provider to provide a service to the bank or merchant bank, as the case may be;
- (f) take any action or refrain from taking any action with respect to its right under paragraphs (2)(b)(i)-(iv);
- (g) conduct due diligence on the service provider before the bank or merchant bank enters into an outsourcing arrangement with the service provider or its related entity enters into an outsourcing arrangement with the service

provider to provide a service to the bank or merchant bank, as the case may be;

(h) establish and maintain measures to minimise disruption to the operations of the bank or merchant bank in the event that the service provider is unable to provide the service to the bank or merchant bank, as the case may be;

(3) The Authority may –

(a) impose different requirements on different banks or different classes of banks, or different merchant banks or different classes of merchant banks, as the case may be, having regard to the risk arising from the activities of the bank or class of banks, or merchant bank or class of merchant banks, as the case may be, the systemic impact of the bank or class of banks, or merchant bank or class of merchant banks, as the case may be, on the financial sector, and such other factors as the Authority may consider relevant; and

(b) impose different requirements in relation to different types of outsourcing arrangements.

(4) Any bank or merchant bank which contravenes any directions made under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

(5) In this section –

“customer information” –

(a) in the case of a bank, has the same meaning given to it by section 40A; and

(b) in the case of a merchant bank, has the same meaning given to it by section 55ZE (1)(b) read with section 40A;

“outsourcing agreement” means a written agreement which sets out the contractual terms and conditions governing the relationships, functions, obligations, responsibilities, rights and expectations of the contracting parties to an outsourcing arrangement and includes any document setting out –

- (a) the processes and procedures to be complied with under the outsourcing arrangement; or
- (b) the levels of expected service of a contracting party under the outsourcing arrangement;

“outsourcing arrangement” means an arrangement between a service provider and —

- (a) a bank in Singapore;
- (b) a merchant bank in Singapore; or
- (c) ~~its~~ the related entity of (a) or (b),

under which the service provider agrees to do one or more of the following:

~~(a)(i)~~ provide to the bank or merchant bank, as the case may be, any service that is currently or is commonly performed by the bank or merchant bank, as the case may be;

~~(b)(ii)~~ provide any service to the public in the name of the bank or merchant bank, as the case may be;

“related entity”, in relation to a bank in Singapore or merchant bank in Singapore, means—

- (a) the head office of the bank or merchant bank, as the case may be, and any branch thereof outside Singapore; or
- (b) any entity that is controlled by the bank or merchant bank, as the case may be, controls the bank or merchant bank, as the case may be, or is controlled by another entity that also controls the bank or merchant bank, as the case may be;

“right of inspection or audit” means a right to access and inspect or audit a service provider or its sub-contractor for any or all of the following purposes:

- (a) obtaining any record, document, information or report relating to the outsourcing arrangement;
- (b) determining whether the service provider or sub-contractor, as the case may be, has complied with its obligations under the outsourcing agreement;

- (c) assessing the service provider's or sub-contractor's, as the case may be, corporate governance, risk management, security and internal controls (including information technology controls), audit and compliance with applicable laws and regulations;
- (d) determining whether the service provider or sub-contractor, as the case may be, has the ability to safeguard the confidentiality, integrity and availability of information entrusted to it;

“service provider”, means a person who provides a service to a bank in Singapore or merchant bank in Singapore pursuant to an outsourcing arrangement;

“sub-contractor” means a person who is engaged by a service provider to provide a service to a bank in Singapore or merchant bank in Singapore pursuant to an outsourcing arrangement.

Clearing House settlements and control over Clearing House

59. In order to facilitate the clearing of cheques and other credit instruments for banks and other financial institutions approved by the Authority, the Authority shall, in conjunction with such banks and institutions, by regulations, establish a Clearing House.

[28/93; 37/98]

Declaration of holidays

60.—(1) The Authority may, at any time by notice published in the *Gazette*, declare any day or days as a bank holiday or holidays, and prohibit banks in Singapore or merchant banks in Singapore respectively from conducting, during the bank holiday or holidays —

- (a) such activities as may be specified in the notice; or
- (b) all activities other than such activities as may be specified in the notice.

[Act 5 of 2016 wef 30/11/2018]

(2) [Deleted by Act 5 of 2016 wef 30/11/2018]

(3) A bank holiday declared under subsection (1) shall not necessarily be a public holiday and nothing in this section shall be deemed to affect any written law which may from time to time be in force in Singapore relating to public holidays.

(4) Any reference to a bank holiday in any written law which may from time to time be in force in Singapore shall include any day declared to be a bank holiday under this section and any day which is a public holiday within the meaning of any written law which may be in force in Singapore relating to public holidays.

(5) Any bank or merchant bank which contravenes any prohibition under a notice referred to in subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

(6) In this section, “day” includes a part of a day.

[Act 5 of 2016 wef 30/11/2018]

Priority of specified liabilities

61.—(1) Where —

(a) a bank becomes unable to meet its obligations or becomes insolvent or suspends payment, the assets of that bank in Singapore shall be available to meet all liabilities in Singapore of the bank specified in section 62(1); or

(b) a merchant bank becomes unable to meet its obligations or becomes insolvent or suspends payment, the assets of that merchant bank in Singapore shall be available to meet all liabilities in Singapore of the merchant bank specified in section 62(1)(A).

[31/2005]

(2) The liabilities in Singapore of the bank or merchant bank specified in section 62(1) and (1A) respectively shall have priority over all unsecured liabilities of the bank or merchant bank, as the case may be, other than the preferential debts specified in section 328(1) of the Companies Act (Cap. 50).

[2/84; 31/2005]

Priority of specified liabilities inter se

62.—(1) Notwithstanding the provisions of any written law or rule of law relating to the winding up of companies, in the event of a winding up of a bank, the following liabilities in Singapore of the bank shall, amongst themselves, rank in the following order of priority:

(a) firstly, any premium contributions due and payable by the bank under the Deposit Insurance and Policy Owners’ Protection Schemes Act 2011;

[15/2011 wef 01/05/2011]

(b) secondly, liabilities incurred by the bank in respect of insured deposits, up to the amount of compensation paid or payable out of the DI Fund by the Agency under the Deposit Insurance and Policy Owners’ Protection Schemes Act 2011 in respect of such insured deposits;

[15/2011 wef 01/05/2011]

- (c) thirdly, **Singapore dollar** deposit liabilities incurred by the bank with non-bank customers other than those specified in paragraphs (b) ~~and (d)~~;
- (d) fourthly, deposit liabilities incurred by the bank with non-bank customers **other than those specified in paragraphs (b) and (c) when operating an Asian Currency Unit approved under section 77 other than liabilities referred to in paragraph (b)**;
[Act 31 of 2017 wef 29/10/2018]
[Act 5 of 2016 wef 30/11/2018]
- (e) fifthly, any sum claimed by the trustee of a resolution fund (within the meaning of section 98 of the Monetary Authority of Singapore Act) from the bank under section 103, 104, 105 or 106 of that Act.

[Act 31 of 2017 wef 29/10/2018]
[31/2005; 1/2007]

(1A) Notwithstanding the provisions of any written law or rule of law relating to the winding up of companies, in the event of a winding up of a merchant bank, the following liabilities in Singapore of the merchant bank shall, amongst themselves, rank in the following order of priority:

- (a) firstly, deposit liabilities incurred by the merchant bank in Singapore with non-bank customers;
- (b) secondly, any sum claimed by the trustee of a resolution fund (within the meaning of section 98 of the Monetary Authority of Singapore Act) from the merchant bank under section 103, 104, 105 or 106 of that Act.

(2) The liabilities in each class specified in subsections (1) and (1A) respectively shall —

- (a) rank in the order specified therein but as between liabilities of the same class shall rank equally between themselves; and
- (b) be paid in full unless the assets of the bank **or merchant bank, as the case may be**, are insufficient to meet them in which case they shall abate in equal proportions between themselves.

[2/84; 31/2005]

(3) For the purposes of ~~section 61 and this section, “deposit liabilities of a bank” means the liabilities of the bank in respect of —~~

“deposit liabilities”, in relation to a bank or a merchant bank, means the liabilities of the bank or merchant bank, as the case may be, in respect of —

(a) sums of money paid to the bank or merchant bank, as the case may be, on terms —

(i) under which they will be repaid, with or without interest or at a premium, or with any consideration in money or money's worth, either on demand or at a time or in circumstances agreed by or on behalf of the persons making the payments and the bank or merchant bank, as the case may be; and

(ii) which are not referable to the provision of property or services or to the giving of security; and

(b) such other product as may be prescribed,

but does not include —

(i) in the case of a bank incorporated in Singapore or merchant bank incorporated in Singapore, liabilities of the bank or merchant bank, as the case may be, arising from loans —

(A) granted by creditors whose claims are fully subordinated to the claims of all un-subordinated creditors; and

(B) the terms of which comply with the criteria for the treatment of the liabilities as capital in determining whether the bank or merchant bank, as the case may be, complies with the capital adequacy requirements under section 10 or section 55V(1)(b) read with section 10 respectively, whether or not the entire amount of such liabilities is treated as capital in the determination.

[Act 5 of 2016 wef 30/11/2018]

(ii) liabilities of the bank or merchant bank, as the case may be, in respect of such other product as may be prescribed;-

[1/2007]

“Singapore dollar deposit liabilities” in relation to a bank means any deposit liabilities of the bank which are incurred —

(i) in Singapore dollars; or

(ii) on terms under which they may be discharged by the bank, in Singapore dollars.

(4) For the purposes of subsection (3)(a)(ii), money is paid on terms which are referable to the provision of property or services or to the giving of security if, and only if —

- (a) it is paid by way of advance or part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services is or are not in fact sold, hired or otherwise provided;
- (b) it is paid by way of security for the performance of a contract or by way of security in respect of loss which may result from the non-performance of the contract; or
- (c) it is paid by way of security for the delivery up or return of any property, whether in a particular state of repair or otherwise.

[1/2007]

(4A) For the avoidance of doubt, any liability of a bank or merchant bank, as the case may be, excluded from the definition of “deposit liabilities ~~of a bank~~” in subsection (3) shall rank pari passu with all other unsecured liabilities of the bank or merchant bank, as the case may be.

[1/2007]

(5) In this section, “Agency”, “DI Fund” and “insured deposit” have the same respective meanings as in section 2(1) of the Deposit Insurance and Policy Owners’ Protection Schemes Act 2011.

[15/2011 wef 01/05/2011]

Priorities for set-off in winding up of bank

62A.—(1) Notwithstanding any written law or rule of law relating to the winding up of companies, in the event of the winding up of a bank in Singapore, a liquidator shall first set-off a depositor’s liabilities to the bank ~~(whether or not incurred in the Asian Currency Unit of the bank)~~ against any Singapore dollar deposit of the depositor placed with the bank ~~other than with the Asian Currency Unit of the bank.~~

[1/2007]

(2) For the purposes of this section —

“deposit” has the same meaning as in section 4B(4), except that section 4B(6) shall not apply for the purpose of this section; and

“Singapore dollar deposit” means a deposit that is accepted —

- (i) in Singapore dollars; or

- (ii) on terms under which it may be repaid by the bank, in Singapore dollars.

Redemption of securities held by bank or merchant bank under liquidation

63.—~~(1)~~ As soon as practicable after the making of an order for the winding up of a or merchant bank, the liquidator of the bank or merchant bank, as the case may be, shall —

- (a) publish in the *Gazette* a notice requiring every debtor of the bank or merchant bank, as the case may be, to redeem any property he has deposited with the bank or merchant bank, as the case may be, as security for any loan that he has obtained from the bank or merchant bank, as the case may be; and
- (b) specify in the notice mentioned in (a) the latest date, which is not less than 3 months from the date of the notice, up to which any security may be redeemed; and
- ~~(bc)~~ send by registered post the notice to every debtor whose security is held by the bank or merchant bank, as the case may be, and whose name is mentioned in the statement of affairs made out under section 270 of the Companies Act (Cap. 50).

[2/84]

~~(2) The notice shall specify the latest date up to which any security may be redeemed, which date shall not be less than 3 months from the date of the notice.~~

[2/84]

Execution of instruments under seal

64.—(1) Notwithstanding anything in the articles of association or regulations of any bank incorporated in Singapore or merchant bank incorporated in Singapore with respect to the execution of instruments under its seal, but without prejudice to anything in those articles or regulations not inconsistent herewith, the seal of the bank or merchant bank, as the case may be, shall not be affixed to any instrument except in the presence of —

- (a) a director of the bank or merchant bank, as the case may be; and
- (b) one other person being either a director or an officer of the bank or merchant bank, as the case may be, duly authorised in that behalf.

(2) The director and that other person as mentioned in subsection (1) shall sign every instrument to which the seal of the company is so affixed in their presence.

Power of Authority to secure banks' compliance with Act

65.—(1) A bank in Singapore, if called upon at any time by the Authority in writing to do so, must satisfy the Authority by the production of such evidence or information as the Authority may require, that the bank is not in contravention of any of the provisions of, or any regulation, notice or direction made or issued under, section 10, 10A, 10B, 23, 27, 29, 31, 32, 33, 35, 38, 38A, 39, 40, 42 or this section.

(2) Without prejudice to sections 10, 10A, 10B, 23, 27, 29, 31, 32, 33, 35, 38, 38A, 39, 40 and 42 or any other subsection of this section, the Authority may, for the purpose of securing compliance with any of those provisions, or any regulation, notice or direction made or issued under any of those sections (other than this section), on a consolidated basis, from time to time by notice in writing, require any bank to aggregate, in such manner as may be specified in the notice —

- (a) its assets, liabilities, profits or losses, and any other information whether or not on its balance-sheet; and
- (b) the assets, liabilities, profits or losses, and any other information whether or not on the balance-sheets of —
 - (i) the bank's related corporations; and
 - (ii) the entities in which the bank holds, directly or indirectly, a major stake as defined in section 32(7).

(3) A notice under subsection (2) may vary a requirement of a notice issued under any of the sections mentioned in that subsection.

(4) The bank must comply with the notice under subsection (2) within such time as may be specified in the notice.

(5) Any bank which fails to comply with a requirement of the Authority under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

(6) Any bank which contravenes subsection (4) shall be guilty of an offence and shall be liable on conviction to the same punishment as that provided for a contravention of the section of this Act, or of a notice or direction under the section of this Act, for the compliance with which the notice was given.

[Act 5 of 2016 wef 30/11/2018]

Power of Authority to secure merchant banks' compliance with Act

65A.— (1) A merchant bank in Singapore, if called upon at any time by the Authority in writing to do so, must satisfy the Authority by the production of such evidence or information as the Authority may require, that the bank is not in

contravention of any of the provisions of, or any regulation, notice or direction made or issued under section 55V read with sections 10, 10A and 10B, section 55ZA read with sections 23 and 27, section 55ZB read with sections 32 and 35, section 55ZC and section 55ZE read with sections 38, 38A, 40 and 42, or this section.

(2) Without prejudice to sections 55V read with sections 10, 10A and 10B, section 55ZA read with sections 23 and 27, section 55ZB read with sections 32 and 35, section 55ZC and section 55ZE read with sections 38, 38A, 40 and 42 or any other subsection of this section, the Authority may, for the purpose of securing compliance with any of those provisions, or any regulation, notice or direction made or issued under any of those sections (other than this section), on a consolidated basis, from time to time by notice in writing, require any merchant bank to aggregate, in such manner as may be specified in the notice –

- (a) its assets, liabilities, profits or losses, and any other information whether or not on its balance-sheet; and
- (b) the assets, liabilities, profits or losses, and any other information whether or not on the balance-sheets of –
 - (i) the merchant bank's related corporation; and
 - (ii) the entities in which the bank holds, directly or indirectly, a major stake as defined in section 55ZB(2).

(3) A merchant bank in Singapore, if called upon at any time by the Authority in writing to do so, must provide the Authority with information on the assets, liabilities, profits or losses, or any other information whether or not on the balance-sheet of any of its related corporations.

(4) A notice under subsection (2) may vary a requirement of a notice issued under any of the sections mentioned in that subsection.

(5) The merchant bank must comply with the notice under subsection (2) within such time as may be specified in the notice.

(6) Any merchant bank which fails to comply with a requirement of the Authority under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

(7) Any merchant bank which contravenes subsection (5) shall be guilty of an offence and shall be liable on conviction to the same punishment as that provided

for a contravention of the section of this Act, or of a notice or direction under the section of this Act, for the compliance with which the notice was given.

Offences by director and executive officers of bank or merchant bank and false or misleading information

66.—(1) Subject to subsection (5), any director or executive officer of a bank in Singapore or merchant bank in Singapore who fails to take all reasonable steps to secure compliance by the bank or merchant bank, as the case may be, with any provision of this Act or any other written law applicable to banks in Singapore or merchant banks in Singapore, as the case may be, shall, if such failure is not already an offence under any other provision of this Act, be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both.

[1/2007]

(2) Any person who —

- (a) provides any information or document to the Minister or the Authority under or for the purposes of any provision of this Act which is false or misleading in a material particular; and
- (b) does not use reasonable care to ensure that the information or document is not false or misleading in any material particular,

shall, if the provision of such information or document which is false or misleading in a material particular is not already an offence under any other provision of this Act, be guilty of an offence and shall be liable on conviction —

- (i) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or
- (ii) in any other case, to a fine not exceeding \$250,000.

[Act 5 of 2016 wef 30/11/2018]

(3) In any proceedings against a person under subsection (1) or (2), it shall be a defence for him to prove that —

- (a) he had reasonable grounds for believing that a competent and reliable person was charged with the duty of securing compliance with the provision of this Act or any other written law applicable to banks in Singapore, or with the duty of ensuring that the information or document is not false or misleading in any material particular, as the case may be; and
- (b) the person was in a position to discharge that duty.

[1/2007]

(4) A person shall not be sentenced to imprisonment for any offence under subsection (1) or (2) unless, in the opinion of the court, he committed the offence wilfully.

[1/2007]

(5) Notwithstanding subsection (1), no director or executive officer shall be guilty of an offence under that subsection where the non-compliance by the bank or merchant bank with any provision of this Act or any other written law applicable to banks or merchant banks, as the case may be, results in the imposition of only a financial penalty on the bank or merchant bank, as the case may be.

[1/2007]

Offences by directors, employees and agents

67. Any director, executive officer, trustee, auditor, employee or agent of any bank in Singapore or merchant bank in Singapore who —

- (a) wilfully makes or causes to be made a false entry in any book of record or in any report, slip, document or statement of the business, affairs, transactions, conditions, assets or accounts of that bank or merchant bank, as the case may be;
- (b) wilfully omits to make an entry in any book of record or in any report, slip, document or statement of the business, affairs, transactions, conditions, assets or accounts of that bank or merchant bank, as the case may be, or wilfully causes any such entry to be omitted; or
- (c) wilfully alters, abstracts, conceals or destroys an entry in any book of record or in any report, slip, document or statement of the business, affairs, transactions, conditions, assets or accounts of that bank or merchant bank, as the case may be, or wilfully causes any such entry to be altered, abstracted, concealed or destroyed,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both.

[2/84; 23/2001; 1/2007]

Indemnity

68. *[Repealed by Act 24 of 2003]*

Composition of offences

69.—(1) The Authority may, in its discretion, compound any offence under this Act which is prescribed as a compoundable offence by collecting from a person reasonably suspected of having committed the offence a sum of money not

exceeding one half of the amount of the maximum fine that is prescribed for the offence.

[1/2007]

(1A) The Authority may, in its discretion, compound any offence under this Act (including an offence under a provision which has been repealed) which —

(a) was compoundable under this section at the time the offence was committed; but

(b) has ceased to be so compoundable,

by collecting from a person reasonably suspected of having committed the offence a sum of money not exceeding one half of the amount of the maximum fine prescribed for that offence at the time it was committed.

[Act 10 of 2013 wef 18/04/2013]

(2) On payment of the sum of money referred to in subsection (1) or (1A), no further proceedings shall be taken against that person in respect of the offence.

[1/2007]

[Act 10 of 2013 wef 18/04/2013]

(3) The Authority may make regulations to prescribe the offences which may be compounded.

[1/2007]

(4) All sums collected by the Authority under subsection (1) or (1A) shall be paid into the Consolidated Fund.

[Act 10 of 2013 wef 18/04/2013]

Publication of information on banks and merchant banks

70.—(1) The Authority is to publish and maintain on its website at all times, a list of banks and merchant banks licensed under this Act.

(2) If any licence is issued, revoked or surrendered, or the name of any bank or merchant bank is changed, the Authority is to publish notice of this in the *Gazette*.

[Act 5 of 2016 wef 30/11/2018]

General penalty

71. Any bank or merchant bank which contravenes any of the provisions of this Act for which no penalty is expressly provided shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Offences triable in District Court

72. Notwithstanding the provisions of any other written law, offences under this Act may be tried in a District Court, which shall have the power to impose the maximum penalty prescribed for any offence under this Act.

Consent of Public Prosecutor

73. No prosecution in respect of any offence under this Act shall be instituted except with the consent of the Public Prosecutor.

[15/2010 wef 02/01/2011]

Recovery of fees, expenses, etc.

74.—(1) There shall be recoverable as a civil debt due to the Authority —

(a) from the bank concerned —

~~(i)~~ the amount of any fees payable under sections 8 and 13; and

[Act 10 of 2013 wef 18/04/2013]

~~(ii)~~ any remuneration and expenses payable by the bank to —

~~(iA)~~ an auditor appointed under sections 44A(3) and 46B(3);

[Act 5 of 2016 wef 30/11/2018]

~~(iiB)~~ a statutory adviser appointed under section 49(2);

~~(iiiC)~~ a statutory manager appointed under section 49(2);

~~(ivD)~~ the Authority or any person employed or authorised by the Authority under section 3 in relation to the Authority assuming control of any business of the bank under section 49; and

~~(vE)~~ any person appointed to perform any independent assessment under Part VIIA.

[Act 10 of 2013 wef 18/04/2013]

(b) from the merchant bank concerned —

(i) the amount of any fees payable under section 55V read with sections 8 and 13; and

(ii) any remuneration and expenses payable by the bank to —

(A) an auditor appointed under section 55ZE(1)(b) read with sections 44A(3) and 46B(3);

(B) statutory adviser appointed under section 55ZE(1)(b) read with section 49(2);

(C) a statutory manager appointed under section 55ZE(1)(b) read with section 49(2);

(D) the Authority or any person employed or authorised by the Authority under section 3 in relation to the Authority assuming control of any business of the bank under section 55ZE(1)(b) read with section 49; and

(E) any person appointed to perform any independent assessment under section 55ZE(1)(c) read with Part VIIA.

(c) [Deleted by Act 10 of 2013 wef 18/04/2013]

(1A) The Authority may recover on behalf of the Government any financial penalty—

(a) imposed under section 38(7) or 39(7) on the bank concerned; or

(b) imposed under section 55ZE(1)(a) read with section 38(7) on the merchant bank concerned,

-as though the financial penalty were a civil debt due to the Authority.

[Act 10 of 2013 wef 18/04/2013]

(2) Any remuneration and expenses payable by a licensee defined in section 56 to an auditor appointed under section 57F(5) shall be recoverable as a civil debt due to the Authority from the licensee.

[1/2007]

(3) Notwithstanding any provision in the Limitation Act (Cap. 163), an action to recover any financial penalty recoverable by virtue of this section shall not be brought after the expiration of 3 years from the date on which the cause of action accrued.

[1/2007]

Power to refund, reduce, etc., financial penalty

74A. The Authority may, of its own motion, review any financial penalty imposed under section 38(7) or 39(7) on the bank concerned, or under section 55ZE(1)(a) read with section 38(7) on the merchant bank concerned and decide —

(a) not to impose the financial penalty;

(b) to reduce the financial penalty payable; or

(c) where any financial penalty has been paid, to refund the whole or part of the amount paid.

[23/2001; 1/2007]

Operation of this Act not to affect Companies Act

75.—(1) Nothing in this Act shall affect the operation of the Companies Act (Cap. 50), and any bank or merchant bank that is liable to be incorporated under that Act shall continue to be so liable as if this Act had not been passed.

(2) In case of conflict between the Companies Act (Cap. 50) and this Act, the provisions of this Act shall prevail unless otherwise provided in this Act.

Service of documents, etc.

75A.—(1) Any notice, order or document required or authorised by this Act to be served on any person may be served —

- (a) by delivering it to the person or to some adult member or employee of his family or household at his last known place of residence;
- (b) by leaving it at his usual or last known place of residence or business in an envelope addressed to the person;
- (c) by sending it by registered post addressed to the person at his usual or last known place of residence or business; or
- (d) in the case of a company, a partnership or body of persons —
 - (i) by delivering it to the secretary or other like officer of the company, partnership or body of persons at its registered office or principal place of business; or
 - (ii) by sending it by registered post addressed to the company, partnership or body of persons at its registered office or principal place of business.

[23/2001]

(2) Any notice, order or document sent by registered post to any person in accordance with subsection (1) shall be deemed to be duly served on the person at the time when the notice, order or document, as the case may be, would in the ordinary course of post be delivered.

[23/2001]

(3) When proving service of the notice, order or document referred to in subsection (2), it shall be sufficient to prove that the envelope containing the notice, order or document, as the case may be, was properly addressed, stamped and posted by registered post.

[23/2001]

Electronic service

75B.—(1) The Authority may provide an electronic service for the service of any document that is required or authorised by this Act to be served on any person. [\[1/2007\]](#)

(2) For the purposes of the electronic service, the Authority may assign to any person —

- (a) an authentication code; and
- (b) an account with the electronic service.

[\[1/2007\]](#)

(3) Notwithstanding section 75A, where any person has given his consent for any document to be served on him through the electronic service, the Authority may serve the document on that person by transmitting an electronic record of the document to that person's account with the electronic service.

[\[1/2007\]](#)

(4) Where a person has given his consent for a document to be served on him through the electronic service, the document shall be deemed to have been served at the time when an electronic record of the document enters his account with the electronic service.

[\[1/2007\]](#)

(5) Notwithstanding any other written law, in any proceedings under this Act —

- (a) an electronic record of any document that was served through the electronic service; or
- (b) any copy or print-out of that electronic record,

shall be admissible as evidence of the facts stated or contained therein if that electronic record, copy or print-out —

- (i) is certified by the Authority to contain all or any information served through the electronic service in accordance with this section; and
- (ii) is duly authenticated in the manner specified in subsection (7) or is otherwise authenticated in the manner provided in the Evidence Act (Cap. 97) for the authentication of computer output.

[\[1/2007\]](#)

(6) For the avoidance of doubt —

- (a) an electronic record of any document that was served through the electronic service; or
- (b) any copy or print-out of that electronic record,

shall not be inadmissible in evidence merely because the document was served without the delivery of any equivalent document or counterpart in paper form.

[\[1/2007\]](#)

(7) For the purposes of this section, a certificate —

(a) giving the particulars of —

- (i) any person whose authentication code was used to serve the document; and
- (ii) any person or device involved in the production or transmission of the electronic record of the document, or the copy or print-out thereof;

(b) identifying the nature of the electronic record or copy or print-out thereof; and

(c) purporting to be signed by the Authority or by a person occupying a responsible position in relation to the operation of the electronic service at the relevant time,

shall be sufficient evidence that the electronic record, copy or print-out has been duly authenticated, unless the court, in its discretion, calls for further evidence on this issue.

[1/2007]

(8) Where the electronic record of any document, or a copy or print-out of that electronic record, is admissible under subsection (5), it shall be presumed, until the contrary is proved, that the electronic record, copy or print-out accurately reproduces the contents of that document.

[1/2007]

(9) The Authority may make regulations which are necessary or expedient for carrying out the purposes of this section, including regulations prescribing the procedure for the use of the electronic service, including the procedure in circumstances where there is a breakdown or interruption of the electronic service.

[1/2007]

(10) In this section —

“account with the electronic service”, in relation to any person, means a computer account within the electronic service which is assigned by the Authority to that person for the storage and retrieval of electronic records relating to that person;

“authentication code”, in relation to any person, means an identification or identifying code, a password or any other authentication method or procedure which is assigned to that person for the purposes of identifying and authenticating the access to and use of the electronic service by that person;

“document” includes notice and order;

“electronic record” has the same meaning as in section 2 of the Electronic Transactions Act (Cap. 88).

[1/2007]

Exemption

76. Nothing in this Act shall be construed so as to prevent any of the following persons from carrying on any activity or business (other than an activity or a business referred to in Part VIII) for which he is registered or licensed under the following respective Act corresponding to that person:

- (a) [*Deleted by Act 23/2008 wef 20/10/2008*]
- (b) any business of pawnbroking carried on by a person licensed under the Pawnbrokers Act 2015; or
- (c) any finance company licensed under the Finance Companies Act (Cap. 108).

[Act 2 of 2015 wef 01/04/2015]

[28/93; 37/98; 23/2001; 1/2007]

Authority’s powers of exemption

76A.—(1) The Authority may, by regulations, exempt any person or class of persons from all or any of the provisions of this Act, subject to such conditions as may be prescribed.

[1/2007]

(2) The Authority may, on the application of any person, by notice in writing, exempt the person from all or any of the provisions of this Act or any direction issued or requirement imposed by the Authority under this Act if the Authority considers it appropriate to do so in the circumstances of the case.

[1/2007]

(3) An exemption under subsection (2) —

- (a) may be granted subject to such conditions as the Authority may specify by notice in writing; and
- (b) need not be published in the *Gazette*.

[1/2007]

(4) The Authority may at any time —

- (a) revoke any exemption granted; or
- (b) add to, vary or revoke any condition imposed,

under this section.

[1/2007]

Authority to approve operation of an Asian Currency Unit

~~77.—(1) No person shall establish and operate an Asian Currency Unit without first obtaining the approval of the Authority.~~

~~[2/84]~~

~~(2) The operation of an Asian Currency Unit shall be subject to such terms and conditions as the Authority may from time to time determine.~~

~~(3) Every person who operates an Asian Currency Unit by virtue of this section shall be subject to the provisions of this Act except those that are specified in subsection (4).~~

~~[2/84]~~

~~(4) If the person referred to in subsection (3) is —~~

~~(a) a merchant bank (whether incorporated in or outside Singapore) or a corporation incorporated outside Singapore, it shall not be subject to —~~

~~(i) any requirement imposed under section 29(1) in relation to any person or group of persons specified in paragraphs (a) and (b) of that provision; and~~

~~(ii) sections 31, 33 and 39; or~~

~~[Act 5 of 2016 wef 30/11/2018]~~

~~[Act 5 of 2016 wef 30/11/2018]~~

~~(b) a corporation incorporated in Singapore (other than a merchant bank specified in paragraph (a)), it shall not be subject to section 39.~~

~~[1/2007]~~

~~[Act 5 of 2016 wef 30/11/2018]~~

~~(5) In this section, “Asian Currency Unit” means an operational unit that has been approved by the Authority to operate in the Asian Dollar Market subject to such conditions as the Authority may determine.~~

~~[2/84]~~

Amendment of Schedules

77A.—(1) The Minister may from time to time, by order published in the *Gazette*, amend, add to or vary the Fourth or Fifth Schedule.

[\[1/2007\]](#)

(2) The Minister may, in any order under subsection (1), make such incidental, consequential or supplementary provisions as may be necessary or expedient.

[\[1/2007\]](#)

(3) Any order made under subsection (1) shall be presented to Parliament as soon as possible after publication in the *Gazette*.

[\[1/2007\]](#)

Regulations

78.—(1) The Authority may, from time to time, make such regulations as may be necessary or expedient for carrying out the purposes and provisions of this Act and for prescribing anything that may be required or authorised to be prescribed by this Act.

[28/93]

(2) Without prejudice to the generality of subsection (1), regulations may be made for or with respect to the operations or activities of any person issuing a credit card or charge card including the minimum qualifying criteria for the issue of a credit card or charge card, the standards to be maintained in the conduct of the credit card or charge card business and the duties to be undertaken when soliciting or issuing a credit card or charge card.

[1/2007]

(3) Without prejudice to the generality of subsection (1), regulations may be made for or with respect to —

(a) the corporate governance, and the appointment and removal of principal officers, of banks in Singapore or merchant banks in Singapore, their related corporations or other entities in which the banks or merchant banks acquire or hold, directly or indirectly, a major stake as defined in section 32(7) or section 55ZB(2), as the case may be;

[Act 5 of 2016 wef 30/11/2018]

(b) the prohibition or restriction on mutual holding of shares or other interests between the banks or merchant banks, related corporations or other entities referred to in paragraph (a); and

[Act 5 of 2016 wef 30/11/2018]

(c) the risk management of banks or merchant banks, whether or not relating to banking business or permitted business, as the case may be.

[Act 5 of 2016 wef 30/11/2018]

(4) Regulations made under this section may relate to all, or any class, category or description of persons, ~~or~~ banks or merchant banks, and may make different provisions for different classes, categories or descriptions of persons, ~~or~~ banks or merchant banks or to a particular person, ~~or~~ bank or merchant bank of general or specifically limited application.

[28/93]

(5) Except as otherwise expressly provided in this Act, regulations made under this section may provide that any contravention of any of those regulations is an offence punishable —

(a) in the case of an individual, with a fine not exceeding \$50,000 or with imprisonment for a term not exceeding 2 years or with both and, in the

case of a continuing offence, with a further fine not exceeding \$5,000 for every day or part of a day during which the offence continues after conviction; or

- (b) in any other case, with a fine not exceeding \$100,000 and, in the case of a continuing offence, with a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

(6) Regulations made under subsection (3)(c) may provide that a contravention of any of those regulations shall be an offence punishable —

- (a) in the case of an individual, with a fine not exceeding \$125,000 or with imprisonment for a term not exceeding 3 years or with both and, in the case of a continuing offence, with a further fine not exceeding \$12,500 for every day or part of a day during which the offence continues after conviction; or
- (b) in any other case, with a fine not exceeding \$250,000 and, in the case of a continuing offence, with a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

[Act 5 of 2016 wef 30/11/2018]

Notices to banks and merchant banks

78A.—(1) The Authority may, if it appears to the Authority to be necessary or expedient in the public interest, or in the interest of depositors or the financial system in Singapore, by notice in writing to a bank in Singapore or a class of banks in Singapore, or a merchant bank in Singapore or a class of merchant banks in Singapore, give directions or impose requirements on or relating to the operations or activities of, or the standards to be maintained by, the bank or banks, or merchant bank or merchant banks, as the case may be.

[1/2007]

(2) Without prejudice to the generality of subsection (1), any notice under that subsection may be given in respect of —

- (a) the revaluation of the assets of banks or merchant banks, as the case may be;
- (b) the maintenance of credit files of borrowers and the grading of loans;
- (c) the prohibition or control of the sale of commemorative coins or medals;

- (d) the deposit of specified securities with authorised depositaries;
- (e) the issue of Singapore dollar negotiable certificates of deposit;
- (f) prior notification to the Authority of changes in interest rates and minimum lending rates of banks or merchant banks, as the case may be;
- (g) restrictions on the granting of Singapore dollar credit facilities in whatever form or by whatever means to residents of Singapore where such facilities are to be used outside Singapore, or to non-residents;
- (h) *[Deleted by Act 5 of 2016 wef 30/11/2018]*
- (i) the maintenance of a register of dealers of a bank or merchant bank, as the case may be;
- (j) the terms and conditions for the operation of a bank's or merchant bank's current and other accounts with the Authority;
- (k) the manner in which a bank or merchant bank, as the case may be conducts its dealings with its customers, the procedures for the reporting of transactions between a bank or merchant bank, as the case may be and its employees, and conflicts of interest involving a bank or merchant bank, as the case may be and its employees or involving a bank or merchant bank, as the case may be and its customers;
- (l) the maximum aggregate permissible percentage holdings by any class, category or description of persons of interests in shares of a bank incorporated in Singapore or a merchant bank incorporated in Singapore, as the case may be;
- (m) the limits for the total amount of foreign exchange transactions which a bank incorporated in Singapore or merchant bank incorporated in Singapore, as the case may be, may undertake and for this purpose the limits may be applied uniformly to all such banks or merchant banks, as the case may be, or separate limits may be determined for any particular bank incorporated in Singapore or merchant bank incorporated in Singapore, as the case may be, or for 2 or more of such banks or merchant banks, as the case may be;
- (n) the opening of new places of business and representative offices and the change of location of any place of business or representative office;

[Act 5 of 2016 wef 30/11/2018]

- (o) the installation of automated teller machines by a bank or merchant bank, as the case may be;
- (p) the provision for and the writing-off of bad debts;
- (q) any audit of a Singapore branch of a bank or merchant bank, as the case may be, by an internal auditor from its head office which is outside Singapore;
- (r) the forms, returns and submissions of statistics for the purposes of this Act.

[28/93; 23/2001; 1/2007]

(3) Any bank in Singapore or merchant bank in Singapore that fails to comply with any requirement specified in a notice issued under subsection (1) shall (if the failure to comply with that requirement is not an offence under any other provision of this Act) be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

[1/2007]

(4) It shall not be necessary to publish any notice in writing issued under this Act in the *Gazette*.

[Act 10 of 2013 wef 18/04/2013]

Transitional licensing provisions

79. Notwithstanding sections 4 and 9, any bank specified in the First Schedule which on 1st January 1970 was carrying on banking business in Singapore shall, as from 1st January 1971, be granted a licence under this Act, which may be made subject to such conditions, if any, as are contained in any licence under which the bank was carrying on banking business in Singapore immediately before that date.⁵

Other saving and transitional provisions

80. For a period of 2 years after the date of commencement of any provision of this Act, the Minister may, by regulations, prescribe such additional provisions of a

⁵ MAS intends to include transitional provisions for merchant banks in the Amendment Bill.

saving or transitional nature consequent to the enactment of that provision as the Minister may consider necessary or expedient.

FIRST SCHEDULE

Section 79

BANKS

1. ABN AMRO (formerly known as Algemene Bank Nederland N.V)
2. Bangkok Bank Public Company Limited (formerly known as Bangkok Bank, Limited)
3. Bank of America, National Association (formerly known as Bank of America National Trust and Savings Association)
4. Bank of China Limited (formerly known as Bank of China)
5. The Bank of East Asia, Limited
6. Bank of India
7. Bank of Singapore, Limited
8. The Bank of Tokyo-Mitsubishi UFJ, Ltd (formerly known as The Bank of Tokyo, Limited)
9. Calyon (formerly known as Banque Indosuez)
10. Citibank N.A. (formerly known as First National City Bank)
11. DBS Bank Ltd (formerly known as The Development Bank of Singapore, Limited)
12. Far Eastern Bank, Limited
13. HL Bank (formerly known as Kwong Lee Bank)
14. The Hongkong and Shanghai Banking Corporation
15. Indian Bank
16. Indian Overseas Bank
17. JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank National Association)
18. Malayan Banking, Berhad
19. P.T. Bank Negara Indonesia (Persero) Tbk (formerly known as Bank Negara Indonesia 1946)
20. Oversea-Chinese Banking Corporation, Limited

21. RHB Bank Berhad (formerly known as United Malayan Banking Corporation, Berhad)
22. Southern Bank Berhad (formerly known as Ban Hin Lee Bank, Berhad)
23. Standard Chartered Bank (formerly known as The Chartered Bank)
24. Sumitomo Mitsui Banking Corporation (formerly known as The Mitsui Bank, Limited)
25. UCO Bank (formerly known as United Commercial Bank)
26. United Overseas Bank, Limited.

[1/2007]

SECOND SCHEDULE

Section 14C

EFFECT OF MERGER

Interpretation

1. In this Schedule, unless the subject or context otherwise requires —

“Bank” means the bank into which the other banks that are parties to a merger agreement are merged and to which a certificate of approval is issued under section 14A(1);

“customer” means any person having a banking account or any other account or other dealing, transaction or arrangement with any existing bank or the Bank, as the case may be;

“effective date” means the date of lodgment mentioned in section 14A(4);

“existing banks” means the banks that are parties to a merger agreement other than the Bank, and “existing bank” shall be construed accordingly;

“liabilities” includes duties and obligations of every description (whether present or future, actual or contingent);

“property” means property and assets and rights of every description (whether present or future, actual or contingent) wheresoever situate and includes property held on trust and securities, rights, benefits and powers of every description but does not include any document required to be kept by an existing bank under the Companies Act (Cap. 50);

“security” means a mortgage or charge (whether legal or equitable), debenture, bill of exchange, promissory note, guarantee, lien, pledge, hypothecation, assignment by way of security, indemnity, right of set-off, undertaking or other means of securing the payment of a debt, whether present or future, or the discharge of an obligation or liability, whether actual or contingent;

“undertaking of an existing bank” means the business and all of the property vested in or belonging to or held by that existing bank immediately before the effective date and all of the liabilities to which that existing bank was subject immediately before that date.

Transfer of undertakings

2.—(1) On the effective date, the undertakings of the existing banks shall, by virtue of section 14C and this Schedule and without further assurance, be transferred to and vest in the Bank as if in all respects the Bank were the same person in law as the existing banks.

(2) The production of a copy of the certificate of approval issued under section 14A(1) shall, on and after the effective date, be conclusive evidence in all courts and proceedings of the transfer of the undertakings of the existing banks to the Bank and of their vesting in the Bank.

(3) If any portion of the undertaking of an existing bank cannot be vested in the Bank by virtue of section 14C and this Schedule because transfers of that portion are governed otherwise than by the law of Singapore, then that existing bank shall, as soon as is practicable after the effective date, take all necessary steps for the purpose of securing that that portion is effectively transferred to the Bank.

Saving of contracts, etc.

3.—(1) Subject to this paragraph, all contracts, agreements, conveyances, covenants, settlements, trusts, deeds, leases, licences and other instruments or undertakings entered into by or made with or addressed to an existing bank or to which an existing bank is a party (whether alone or with any other person) before and in force on the effective date shall as from that date be binding and of full force and effect in every respect against or in favour of the Bank as fully and effectually as if, instead of an existing bank, the Bank had been a party thereto or bound thereby or entitled to the benefit thereof.

(2) In relation to every contract of employment to which sub-paragraph (1) applies, that sub-paragraph shall operate to substitute the Bank for the existing bank which was the employer thereunder immediately before the effective date.

Banking business

4. Without prejudice to the generality of paragraphs 2 and 3, the following provisions shall have effect in relation to the banking businesses of the existing banks:

- (a) any account between an existing bank and a customer at any office or branch of that existing bank shall be transferred to the Bank on the effective date and shall become as and from that date an account between the Bank and the customer with the same rights and subject to the same obligations and incidents (including rights of set-off) as would have been applicable thereto if the account between that existing bank and the customer had continued and so that any instruction, order, direction, mandate or authority given by the customer in relation to the account and subsisting at or given after the effective date shall, unless and until revoked or cancelled, apply and have effect in relation to the account after its transfer to the Bank, except that nothing in this sub-paragraph shall affect any right of the Bank or of the customer to vary the conditions or incidents subject to which any account is kept;
- (b) any security held by an existing bank as security for the payment of debts or liabilities (whether present or future, actual or contingent) of any person shall be transferred or deemed to be transferred to the Bank on the effective date and shall be held by and be available to the Bank as security for the payment of such debts and liabilities to the Bank; and where the moneys secured by such a security include future advances to or liabilities of that person, the security shall as from that date be held by and be available to the Bank as security for future advances to that person by, and future liabilities of that person to, the Bank to the same extent to which future advances by, or liabilities to, the existing bank were secured thereby immediately before that date;

- (c) the Bank shall, in relation to any security transferred or deemed to have been transferred to it in accordance with or by virtue of the provisions of this Schedule and the moneys thereby secured in accordance with those provisions, be entitled to the same rights and priorities and subject to the same obligations and incidents as the existing bank from which the same has been transferred or deemed to have been transferred would have been entitled and subject to if the same had continued to be held by the existing bank; and
- (d) the custody of any document, goods or other property held by an existing bank as bailee for any other person at any office or branch of that existing bank shall be transferred or deemed to be transferred to the Bank on the effective date and the rights and obligations of that existing bank under any contract of bailment relating to such document, goods or property shall be transferred or deemed to be transferred on that date to the Bank.

Actions, etc., not to abate

5. Any action, arbitration or proceeding and any cause of action, arbitration or proceeding which shall, on the effective date, be pending or existing by, against or in favour of an existing bank shall not abate or be discontinued or be in any way prejudicially affected by reason of the provisions of this Schedule, but the same may be prosecuted, continued and enforced by, against or in favour of the Bank as and when it might have been prosecuted, continued and enforced by, against or in favour of an existing bank if this Schedule had not been enacted.

Application of documents

8.—(1) Subject to sub-paragraph (2), where any document whensoever made or executed contains any reference express or implied to an existing bank, such reference shall, on and after the effective date and except where the context otherwise requires, be read, construed and have effect as a reference to the Bank.

(2) Without prejudice to the generality of sub-paragraph (1), where by any order of the court or by any trust deed, settlement, covenant or agreement or where by any will, codicil or other testamentary writing, whether made or executed before or after the effective date, an existing bank (whether alone or with any other person) was or is granted letters of administration or appointed trustee, executor, guardian or in any other fiduciary capacity, such order, trust deed, settlement, covenant, agreement, will, codicil or other testamentary writing shall not fail by reason of anything in this Schedule but shall, as from the effective date, be read and construed and have effect as if for any reference therein to that existing bank there was substituted a reference to the Bank.

Dissolution of existing banks

9.—(1) An existing bank shall, by virtue of this Schedule, be dissolved on the day (being a day after the effective date) on which at the request of the Bank, the Registrar of Companies strikes the name of that existing bank off the register under section 344 of the Companies Act (Cap. 50).

(2) On the day referred to in sub-paragraph (1), all documents required to be kept by the existing bank pursuant to the provisions of the Companies Act shall, by virtue of this Schedule, be transferred to and vest in the Bank.

[\[28/93\]](#)

THIRD SCHEDULE

Section 47

DISCLOSURE OF INFORMATION BY BANKS

PART I

FURTHER DISCLOSURE NOT PROHIBITED

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
Purpose for which customer information may be disclosed	Persons to whom information may be disclosed	Conditions
1. Disclosure is permitted in writing by the customer or, if he is deceased, his appointed personal representative.	Any person as permitted by the customer or, if he is deceased, his appointed personal representative.	
2. Disclosure is solely in connection with an application for a grant of probate or letters of administration in respect of a deceased customer's estate.	Any person whom the bank in good faith believes is entitled to the grant of probate or letters of administration.	
3. Disclosure is solely in connection with — (a) where the customer is an individual, the bankruptcy of the customer; or (b) where the customer is a body corporate, the winding up of the customer.	All persons to whom the disclosure is necessary for the purpose specified in the first column.	<i>Note: Court may order the proceedings to be held in camera [see section 47(3) and (4)].</i>
4. Disclosure is solely with a view to the institution of, or solely in connection with,	All persons to whom the disclosure is necessary for the purpose specified in the first column.	<i>Note: Court may order the proceedings to be held in camera [see section 47(3) and (4)].</i>

<p>the conduct of proceedings —</p> <p>(a) between the bank and the customer or his surety relating to the banking transaction of the customer;</p> <p>(b) between the bank and 2 or more parties making adverse claims to money in an account of the customer where the bank seeks relief by way of interpleader; or</p> <p>(c) between the bank and one or more parties in respect of property, whether movable or immovable, in or over which some right or interest has been conferred or alleged to have been conferred on the bank by the customer or his surety.</p>		
<p>5. Disclosure is necessary for —</p> <p>(a) compliance with an order or request made under any specified written law to furnish information, for the purposes of an investigation</p>	<p>Any police officer or public officer duly authorised under the specified written law to carry out the investigation or prosecution or to receive the complaint or report, or any court.</p>	

<p>or prosecution, of an offence alleged or suspected to have been committed under any written law; or</p> <p>(b) the making of a complaint or report under any specified written law for an offence alleged or suspected to have been committed under any written law.</p>		
<p>6. Disclosure is necessary for compliance with a garnishee order served on the bank attaching moneys in the account of the customer.</p>	<p>All persons to whom the disclosure is required to be made under the garnishee order.</p>	
<p>7. Disclosure is necessary for compliance with an order of the Supreme Court or a Judge thereof pursuant to the powers conferred under Part IV of the Evidence Act (Cap. 97).</p>	<p>All persons to whom the disclosure is required to be made under the court order.</p>	
<p>8. Where the bank is a bank incorporated outside Singapore or a foreign-owned bank incorporated in Singapore, the disclosure is strictly necessary for compliance with a request made by its parent supervisory authority.</p>	<p>The parent supervisory authority of the bank incorporated outside Singapore or the foreign-owned bank incorporated in Singapore, as the case may be.</p>	<p>(a) No deposit information shall be disclosed to the parent supervisory authority.</p> <p>(b) The parent supervisory authority is prohibited by the laws applicable to it from disclosing the customer</p>

		information obtained by it to any person unless compelled to do so by the laws or courts of the country or territory where it is established.
9. Disclosure is in compliance with the provisions of this Act, the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 or any notice or directive issued by the Authority to banks.	The Authority or any person authorised or appointed by the Authority.	

[15/2011 wef 01/05/2011]

PART II

FURTHER DISCLOSURE PROHIBITED

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
Purpose for which customer information may be disclosed	Persons to whom information may be disclosed	Conditions
1. Disclosure is solely in connection with the performance of duties as an officer or a professional adviser of the bank.	<p>(a) Any —</p> <p>(a)(i) officer of the bank in Singapore;</p> <p>(b)(ii) officer designated in writing by the head office of the bank in Singapore or, in the case of a foreign-owned bank incorporated in Singapore, its parent bank;</p> <p>(c)(iii) lawyer, consultant or other professional adviser appointed or engaged by the bank in Singapore under a contract for service; or</p>	<p>(a) No disclosure shall be made to any auditor referred to in paragraph (d)(a)(iv) of the Second Column, other than an auditor appointed or engaged by the bank in Singapore, unless the auditor has given to the bank a written undertaking that he the auditor will not disclose any customer information obtained by him the auditor in the course of the performance of audit to any person except:</p> <p>(i) the head office of the bank in Singapore; or</p>

	<p>(A)(iv) auditor appointed or engaged by the bank in Singapore, the head office of the bank in Singapore or, in the case of a foreign-owned bank incorporated in Singapore, its parent bank, under a contract for service to perform an audit.</p> <p>(b) Any of the following persons:</p> <p>(i) the head office of the bank in Singapore where it appointed or engaged the auditor in paragraph (a)(iv);</p> <p>(ii) in the case of a foreign-owned bank incorporated in Singapore, its parent Bank, where it appointed or engaged the auditor in paragraph (a)(iv); or</p> <p>(iii) an employee of the Accounting and Corporate Regulatory Authority that is appointed to carry out a practice review of a public accountant that is a partner, director or employee of the auditor referred to in paragraph (a)(iv), under Part V of the Accountants Act,</p> <p>where the head office, parent bank or the employee of the Accounting and Corporate Regulatory Authority receives such information from an auditor referred to in paragraph (a)(iv).</p>	<p>(ii) in the case of a foreign-owned bank incorporated in Singapore, its parent bank; or</p> <p>(iii) an employee of the Accounting and Corporate Regulatory Authority referred to in paragraph (b)(iii) of the Second Column.</p> <p>(b) The disclosure by any auditor referred to in paragraph (a)(iv) of the Second Column to an employee of the Accounting and Corporate Regulatory Authority referred to in paragraph (b)(iii) of the Second Column shall be subject to such conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.</p>
2. Disclosure is solely in connection with the conduct of internal audit of the bank or the performance of risk management.	<p>In the case of —</p> <p>(a) a bank incorporated outside Singapore —</p> <p>(i) the head office or parent bank of the bank;</p>	

	<ul style="list-style-type: none"> (ii) any branch of the bank outside Singapore designated in writing by the head office of the bank; (iii) any related corporation of the bank designated in writing by the head office of the bank; <p>(b) a bank incorporated in Singapore, not being a foreign-owned bank incorporated in Singapore —</p> <ul style="list-style-type: none"> (i) the parent bank; or (ii) any related corporation of the bank designated in writing by the head office of the bank; or <p>(c) a foreign-owned bank incorporated in Singapore —</p> <ul style="list-style-type: none"> (i) the parent bank; or (ii) any related corporation of the bank designated in writing by the parent bank. 	
3. Disclosure is solely in connection with the	Any person including the head office of the bank or any branch	If any out-sourced function is to be

performance of operational functions of the bank where such operational functions have been outsourced in compliance with section 58A.	thereof outside Singapore which is engaged by the bank or the bank's related entity to perform the outsourced functions.	performed outside Singapore, the disclosure shall be subject to such conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.
<p>4. Disclosure is solely in connection with —</p> <p>(a) the merger or proposed merger of the bank or its financial holding company with another company; or</p> <p>(b) any acquisition or issue, or proposed acquisition or issue, of any part of the share capital of the bank or its financial holding company,</p> <p>whether or not the merger or acquisition is subsequently entered into or completed.</p>	Any person participating or otherwise involved in the merger, acquisition or issue, or proposed merger, acquisition or issue, including any of his lawyers or other professional advisers (whether or not the merger or acquisition is subsequently entered into or completed).	
4A. Disclosure is solely in connection with the transfer or proposed transfer of the business of the bank to a company under Division 1 of Part	<p>Any —</p> <p>(a) transferor or transferee, defined in section 55A;</p> <p>(b) person affected by the transfer;</p>	

<p>VIIA, whether or not the transfer is subsequently carried out or completed.</p>	<p>(c) professional adviser appointed by any person referred to in paragraph (a) or (b); or</p> <p>(d) independent assessor appointed by the Minister or the Authority under section 55B.</p>	
<p>4B. Disclosure is solely in connection with the transfer or proposed transfer of the business of the bank to a company under Division 2 of Part IVB of the Monetary Authority of Singapore Act (Cap. 186), whether or not the transfer is subsequently carried out or completed.</p>	<p>Any —</p> <p>(a) transferor or transferee, defined in section 56 of the Monetary Authority of Singapore Act;</p> <p>(b) person affected by the transfer;</p> <p>(c) professional adviser appointed by any person referred to in paragraph (a) or (b); or</p> <p>(d) independent assessor appointed by the Authority under section 57 of the Monetary Authority of Singapore Act.</p>	
<p>4C. Disclosure is solely in connection with the transfer or proposed transfer of the shares in the bank under Division 3 of Part IVB of the Monetary Authority of Singapore Act, whether or not the transfer is subsequently carried out or completed.</p>	<p>Any —</p> <p>(a) transferor or transferee, defined in section 65 of the Monetary Authority of Singapore Act;</p> <p>(b) professional adviser appointed by the transferor or transferee; or</p> <p>(c) independent assessor appointed by the Authority under section 66 of the Monetary Authority of Singapore Act.</p>	

<p>4D. Disclosure is solely in connection with the restructuring or proposed restructuring of the share capital of the bank under Division 4 of Part IVB of the Monetary Authority of Singapore Act, whether or not the restructuring is carried out or completed.</p>	<p>Any —</p> <ul style="list-style-type: none"> (a) shareholder of the bank; (b) subscriber defined in section 68 of the Monetary Authority of Singapore Act; (c) professional adviser appointed by the bank or any person referred to in paragraph (a) or (b); or (d) independent assessor appointed by the Authority under section 69 of the Monetary Authority of Singapore Act. 	
<p>5. Disclosure is solely in connection with the restructure, transfer or sale, or proposed restructure, transfer or sale, of credit facilities (whether or not the restructure, transfer or sale is subsequently entered into or completed).</p>	<p>Any transferee, purchaser or any other person participating or otherwise involved in the restructure, transfer or sale, or proposed restructure, transfer or sale, including any of his lawyers or other professional advisers (whether or not the restructure, transfer or sale is subsequently entered into or completed).</p>	<p>No customer information, other than information relating to the relevant credit facilities, shall be disclosed.</p>
<p>6. In the case of a customer who has been issued with a credit or charge card by a bank in Singapore, disclosure is strictly necessary for notification of the suspension or cancellation of the card by the bank by reason of the customer's default in payment to the bank.</p>	<p>Any financial institution in Singapore which issues credit or charge cards.</p>	<p>No customer information, other than information relating to the following, may be disclosed:</p> <ul style="list-style-type: none"> (a) the customer's name and identity; (b) the amount of the debt outstanding on the customer's credit or charge card;

		(c) the date of suspension or cancellation of the customer's credit or charge card, as the case may be.
<p>7. Disclosure is strictly necessary —</p> <p>(a) for the collation, synthesis or processing of customer information by the credit bureau for the purposes of the assessment of the credit-worthiness of the customers of banks; or</p> <p>(b) for the assessment, by other members of the credit bureau specified in the second column, of the credit-worthiness of the customers of banks.</p>	<p>Any —</p> <p>(a) credit bureau of which the bank is a member;</p> <p>(b) other member of the credit bureau that is —</p> <p>(i) a bank or merchant bank; or</p> <p>(ii) a person, or a person belonging to a class of persons, recognised by the Authority, by notification published in the <i>Gazette</i>, as authorised to receive the information,</p> <p>where that member receives such information from the credit bureau.</p>	<p>(a) No deposit information shall be disclosed.</p> <p>(b) The disclosure by any credit bureau to any person referred to in paragraph (b) of the second column shall be subject to such conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.</p>
8. Disclosure is strictly necessary for the	Any other bank or merchant bank in Singapore.	No customer information, other than information of a general

assessment of the credit-worthiness of the customer in connection with or relating to a bona fide commercial transaction or a prospective commercial transaction.		nature and not related to the details of the customer's account with the bank, shall be disclosed.
9. <i>[Deleted by Act 26 of 2012 wef 02/01/2014]</i>		
10. Disclosure is solely in connection with the payment of compensation under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 to insured depositors or persons referred to in section 22(7) of that Act.	<p>(a) The deposit insurance and policy owners' protection fund agency;</p> <p>(b) the Public Trustee; or</p> <p>(c) any person authorised or appointed by the deposit insurance and policy owners' protection fund agency or the Public Trustee (as the case may be) to perform its functions under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011.</p>	<p>(a) The disclosure by the deposit insurance and policy owners' protection fund agency or the Public Trustee to any person referred to in paragraph (c) of the second column shall be subject to such conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.</p> <p>(b) The disclosure by any</p>

		<p>person referred to in paragraph (a), (b) or (c) of the second column to any other person referred to in the same paragraph shall be subject to such conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.</p> <p>(c) The Public Trustee may disclose customer information to such persons or class of persons and subject to such conditions, as may be determined by the Minister.</p>
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[Act 31 of 2017 wef 04/06/2018]

[Act 26 of 2012 wef 02/01/2014]

[Act 10 of 2013 wef 18/04/2013]

[15/2011 wef 01/05/2011]

PART III

INTERPRETATION

In this Schedule, unless the context otherwise requires —

“auditor” means a public accountant, an accounting corporation, an accounting firm or an accounting limited liability partnership;

“appointed personal representative”, in relation to a deceased person, means a person appointed as executor or administrator of the estate of the deceased person;

“credit bureau” means a credit bureau recognised as such by the Authority by notification in the *Gazette* for the purposes of this Schedule;

“deposit insurance and policy owners’ protection fund agency” means the deposit insurance and policy owners’ protection fund agency designated under the Deposit Insurance and Policy Owners’ Protection Schemes Act 2011;

[15/2011 wef 01/05/2011]

“insured depositor” has the same meaning as in section 2(1) of the Deposit Insurance and Policy Owners’ Protection Schemes Act 2011;

[15/2011 wef 01/05/2011]

“lawyer” means an advocate and solicitor of the Supreme Court of Singapore, or any person who is duly authorised or registered to practise law in a country or territory other than Singapore by a foreign authority having the function conferred by law of authorising or registering persons to practise law in that country or territory;

[Deleted by Act 5 of 2016 wef 30/11/2018]

“practice review” has the meaning given by section 32 of the Accountants Act;

“public officer” includes any officer of a statutory board;

“specified written law” means the Companies Act (Cap. 50), the Criminal Procedure Code (Cap. 68), the Goods and Services Tax Act (Cap. 117A), the Hostage-Taking Act 2010, the Income Tax Act (Cap. 134), the Internal Security Act (Cap. 143), the Kidnapping Act (Cap. 151), the Moneylenders Act 2008 (Act 31 of 2008) and the Prevention of Corruption Act (Cap. 241);

[5/2010 wef 11/02/2010]

“surety”, in relation to a customer of a bank, includes any person who has given the bank security for the liability of the customer by way of a mortgage or a charge.

[23/2001; 31/2005]

FOURTH SCHEDULE

Sections 3(1A) and 77A

SPECIFIED PROVISIONS

1. Section 76A(2).

[1/2007]

FIFTH SCHEDULE

Sections 27(4), 28(8), 29(7), 38(9) and 77A

DEFINITIONS IN SECTIONS 27, 28, 29, 38 AND 39A

1. For the purposes of sections 27, 28 and 29 and this Schedule —

“affiliate” means —

- (a) in relation to a substantial shareholder of a bank incorporated in Singapore, any corporation which is an associate of the substantial shareholder, other than —
 - (i) the bank and any entity in which the bank acquires or holds, directly or indirectly, a major stake;
[Act 5 of 2016 wef 30/11/2018]
 - (ii) the parent bank of the bank and any entity in which the parent bank acquires or holds, directly or indirectly, a major stake; or
[Act 5 of 2016 wef 30/11/2018]
 - (iii) where the bank is the subsidiary of a financial holding company, the financial holding company and any entity in which the financial holding company acquires or holds, directly or indirectly, a major stake;
[Act 5 of 2016 wef 30/11/2018]
- (b) in relation to a substantial shareholder of a financial holding company, any corporation which is an associate of the substantial shareholder, other than —
 - (i) the financial holding company and any entity in which the financial holding company acquires or holds, directly or indirectly, a major stake; or
[Act 5 of 2016 wef 30/11/2018]
 - (ii) where the financial holding company is the subsidiary of another financial holding company, the second-mentioned financial holding company and any entity in which the second-mentioned holding company acquires or holds, directly or indirectly, a major stake; and
[Act 5 of 2016 wef 30/11/2018]
- (c) in relation to a substantial shareholder of a parent bank, any corporation which is an associate of the substantial shareholder, other than the parent bank and any entity in which the parent bank acquires or holds, directly or indirectly, a major stake;
[Act 5 of 2016 wef 30/11/2018]

“associate”, in relation to a substantial shareholder, means —

- (a) any corporation in which the substantial shareholder controls the composition of the board of directors;
- (b) any corporation in which the substantial shareholder controls more than half of the voting power;
- (c) any corporation in which the substantial shareholder holds more than half of the total number of issued shares;
- (d) any corporation which is a subsidiary of any other corporation which is an associate by virtue of paragraph (a), (b) or (c);
- (e) any corporation in which the substantial shareholder or any other corporation which is an associate by virtue of paragraph (a), (b), (c) or (d) has, or the substantial shareholder and such other corporation together have, an interest in shares entitling the beneficial owners thereof the right to cast, whether by proxy or in person, not less than 20% but not more than 50% of the total votes able to be cast at a general meeting of the first-mentioned corporation; or
- (f) any corporation (not being a corporation which is an associate by virtue of paragraph (a), (b), (c), (d) or (e)) the policies of which the substantial shareholder or any other corporation which is an associate by virtue of paragraph (a), (b), (c), (d) or (e) is, or the substantial shareholder together with such other corporation are, able to control or influence materially;

“child” includes a stepchild and a child who has been de facto adopted by the person in question, whether or not such adoption has been registered in accordance with the provisions of any written law;

[Act 5 of 2016 wef 30/11/2018]

“counterparty”, in relation to a bank, means a person —

- (a) who has an obligation to the bank as a result of the bank’s contractual or other arrangements; or
- (b) in relation to whom the bank is at risk as a result of the bank’s contractual or other arrangements or investments;

“director”, in relation to a bank in Singapore, includes the spouse, parent and child of a director of the bank;

“director group”, in relation to a bank in Singapore, means a group of persons comprising —

- (a) any director of the bank;
- (b) every firm or limited liability partnership in which the director is a partner, a manager, an agent, a guarantor or a surety;
- (c) every individual of whom, and every company of which, the director is a guarantor or surety; and
- (d) every company in which the director —
 - (i) is an executive officer;

- (ii) owns more than half of the total number of issued shares, whether legally or beneficially;
- (iii) controls more than half of the voting power; or
- (iv) controls the composition of the board of directors;

“exposure” means the maximum loss that a bank may incur as a result of the failure of a counterparty to meet any of its obligations;

“family member”, in relation to an individual, means the individual’s spouse, parent or child;

~~“financial group”, in relation to a bank in Singapore, means a group of entities comprising~~

~~— (a) where the bank is incorporated in Singapore, every entity in which the bank acquires or holds, directly or indirectly, a major stake in accordance with section 32(1); or~~

~~— (b) where the bank is incorporated outside Singapore, every entity in which the bank acquires or holds, directly or indirectly, a major stake in accordance with section 32(1) and which is reflected as an investment in the books of the bank in Singapore in relation to its operations in Singapore;~~

~~“major stake” has the meaning given by section 32(7) of the Act;~~

~~“major stake entity group”, in relation to a bank in Singapore, means a group of entities comprising —~~

~~(a) (in the case of a bank incorporated in Singapore) any entity in which the bank holds, directly or indirectly, a major stake;~~

~~(b) (in the case of the branches located within Singapore of a bank incorporated outside Singapore) any entity in which the bank incorporated outside Singapore holds, directly or indirectly, a major stake that is reflected in the books in Singapore of the bank that relate to its operations in Singapore;~~

“parent bank”, in relation to a bank, means a bank incorporated in or outside Singapore of which the first-mentioned bank is a subsidiary;

~~“related corporation group”, in relation to a bank in Singapore, means a group of entities comprising —~~

~~(a) (in the case of a bank incorporated in Singapore) any related corporation of the bank and any branch of the bank located outside Singapore; or~~

~~(b) (in the case of the branches located within Singapore of a bank incorporated outside Singapore) any related corporation of the bank, its head office and any branch of the bank located outside Singapore;~~

“senior management group”, in relation to a bank in Singapore, means a group comprising —

- (a) any executive officer of the bank;
- (b) any firm or limited liability partnership in or for which an executive officer of the bank is a partner, a manager, an agent, a guarantor or a surety;
- (c) any individual for whom an executive officer of the bank is a guarantor or surety;
- (d) any company for which an executive officer of the bank is a guarantor or surety;
- (e) any company in which the executive officer of the bank —
 - (i) is an executive officer;
 - (ii) owns more than half of the total number of issued shares, whether legally or beneficially;
 - (iii) controls more than half of the voting power; or
 - (iv) controls the composition of the board,

but does not include any person who is a part of a director group of the bank;

“substantial shareholder group”, in relation to a bank incorporated in Singapore, means a group of persons comprising —

any substantial shareholder of the bank;

every affiliate of the substantial shareholder of the bank; and

where the bank is a subsidiary of a financial holding company or a parent bank —

- (i) any substantial shareholder of the financial holding company or the parent bank; and
- (ii) every affiliate of the substantial shareholder referred to in subparagraph (i);
[Act 5 of 2016 wef 30/11/2018]

“key credit approver” -

- (a) in relation to a bank incorporated in Singapore, means any person who, whether singly or jointly with any other persons, has the authority to approve the highest tier of credit facilities across the bank in Singapore and its bank group, that will be booked in the books of the bank in Singapore or any entity within the bank group; and
- (b) in relation to a bank incorporated outside Singapore, means any person who, whether singly or jointly with other persons, —

- (i) has the authority to approve the highest tier of credit facilities across the bank in Singapore and its bank group, that will be booked in the books of the bank in Singapore or any entity within the bank group; and
- (ii) is involved in the day-to-day business of granting credit facilities to customers of the bank in Singapore.

“key credit approver group”, in relation to a bank in Singapore, means a group of persons comprising —

- (a) any key credit approver of the bank;
- (b) any firm or limited liability partnership in or for which the key credit approver is a partner, a manager, an agent, a guarantor or a surety;
- (c) any individual for whom a key credit approver of the bank is a guarantor or surety;
- (d) any company for which a key credit approver of the bank is a guarantor or surety;
- (e) every company in which a key credit approver of the bank —
 - (i) is an executive officer;
 - (ii) owns more than half of the total number of issued shares, whether legally or beneficially;
 - (iii) controls more than half of the voting power; or
 - (iv) controls the composition of the board;but does not include any person who is a part of a director or senior management group of the bank;

“transaction” means any type of transaction including (but not limited to) any contract, agreement and arrangement and any transaction forming part of a contract, agreement or arrangement, and includes a write-off of a debt, loan or any other similar arrangement.

[Act 5 of 2016 wef 30/11/2018]

2. For the purposes of the definitions of “associate” and “substantial shareholder group”, a reference to a substantial shareholder shall, where the substantial shareholder is an individual, include a reference to a family member of the substantial shareholder.

3. For the purposes of the definition of “associate”, a substantial shareholder is deemed to control the composition of the board of directors of a corporation if he has any power, exercisable by him without the consent or concurrence of any other person, to appoint or remove all or a majority of the directors of the corporation.

4. For the purposes of the definition of “director group”, a director of a bank is deemed to control the composition of the board of directors of a company if he has any power, exercisable by him without the consent or concurrence of any other person, to appoint or remove all or a majority of the directors of the company.

5. For the purposes of the definition of “exposure”, in determining the maximum loss that a bank may incur as a result of the failure of a counterparty to meet any of its obligations —

- (a) any collateral available to the bank; and
- (b) any likelihood of recovery from the counterparty in the event of the bankruptcy or winding up, or its equivalent, of the counterparty,

shall not be taken into account.

6. For the purposes of sections 38 and 39A, “liquidity stress situation” means a situation where a bank, having exhausted all reasonable sources or avenues for obtaining funds, is unable to meet its obligations, as and when they fall due, without incurring significant costs or losses.

[Act 5 of 2016 wef 30/11/2018]

7. In this Schedule, unless the context otherwise requires —

- (a) a reference to an entity is a reference to any body corporate or unincorporate, whether incorporated, formed or established in or outside Singapore; and
- (b) a reference to an entity in which another entity acquires or holds, directly or indirectly, a major stake is a reference to an entity in which the other entity has a major stake as defined in section 32(7).

[Act 5 of 2016 wef 30/11/2018]

[Act 5 of 2016 wef 30/11/2018]

SIXTH SCHEDULE

MERCHANT BANKS

1. Aareal Bank Asia Limited
2. ANZ Singapore Ltd
3. AXIS Bank Limited
4. Bank of America Singapore Limited
5. Barclays Merchant Bank (Singapore) Limited
6. BNS Asia Limited
7. Bordier & Cie (Singapore) Ltd
8. Citicorp Investment Bank (Singapore) Limited
9. Credit Suisse (Singapore) Limited
10. Daiwa Capital Markets Singapore Limited
11. DB International (Asia) Limited
12. DNB Asia Ltd
13. DVB Group Merchant Bank (Asia) Ltd
14. J.P. Morgan (S.E.A.) Limited
15. LGT Bank (Singapore) Ltd

16. Lombard Odier (Singapore) Ltd
17. MUFG Securities Asia (Singapore) Limited
18. Nomura Singapore Limited
19. Resona Merchant Bank Asia Limited
20. Schroder & Co. (Asia) Limited
21. Siemens Bank GMBH
22. The Islamic Bank of Asia Limited
23. Toronto Dominion (South East Asia) Limited
24. UBS Principal Capital Asia Limited
25. Westpac Singapore Ltd

SEVENTH SCHEDULE

DISCLOSURE OF INFORMATION BY MERCHANT BANKS

PART I

FURTHER DISCLOSURE NOT PROHIBITED

<u>First column</u>	<u>Second column</u>	<u>Third column</u>
<u>Purpose for which customer information may be disclosed</u>	<u>Persons to whom information may be disclosed</u>	<u>Conditions</u>
<u>1. Disclosure is permitted in writing by the customer or, if he is deceased, his appointed personal representative.</u>	<u>Any person as permitted by the customer or, if he is deceased, his appointed personal representative.</u>	-

<p><u>2.</u> <u>Disclosure is solely in connection with an application for a grant of probate or letters of administration in respect of a deceased customer's estate.</u></p>	<p><u>Any person whom the merchant bank in good faith believes is entitled to the grant of probate or letters of administration.</u></p>	<p>-</p>
<p><u>3.</u> <u>Disclosure is solely in connection with —</u></p> <p><u>(a) where the customer is an individual, the bankruptcy of the customer; or</u></p> <p><u>(b) where the customer is a body corporate, the winding up of the customer.</u></p>	<p><u>All persons to whom the disclosure is necessary for the purpose specified in the first column.</u></p>	<p><u>Note: Court may order the proceedings to be held in camera [see section 55ZE read with section 47(3) and (4)].</u></p>
<p><u>4.</u> <u>Disclosure is solely with a view to the institution of, or solely in connection with, the conduct of proceedings —</u></p> <p><u>(a) between the merchant bank and the customer or his surety relating to the transaction of the customer;</u></p> <p><u>(b) between the merchant bank and 2 or more parties making adverse claims to money in an account of the</u></p>	<p><u>All persons to whom the disclosure is necessary for the purpose specified in the first column.</u></p>	<p><u>Note: Court may order the proceedings to be held in camera [see section 55ZE read with section 47(3) and (4)].</u></p>

	<p><u>customer where the merchant bank seeks relief by way of interpleader; or</u></p> <p>(c) <u>between the merchant bank and one or more parties in respect of property, whether movable or immovable, in or over which some right or interest has been conferred or alleged to have been conferred on the merchant bank by the customer or his surety.</u></p>		
5.	<p><u>Disclosure is necessary for —</u></p> <p>(a) <u>compliance with an order or a request made under any specified written law to furnish information, for the purposes of an investigation or a prosecution, of an offence alleged or suspected to have been committed</u></p>	<p><u>Any police officer or public officer duly authorised under the specified written law to carry out the investigation or prosecution or to receive the complaint or report, or any court.</u></p>	-

	<u>under any written law; or</u>		
	<u>(b) the making of a complaint or report under any specified written law for an offence alleged or suspected to have been committed under any written law.</u>		
6.	<u>Disclosure is necessary for compliance with a garnishee order served on the merchant bank attaching moneys in the account of the customer.</u>	<u>All persons to whom the disclosure is required to be made under the garnishee order.</u>	-
7.	<u>Disclosure is necessary for compliance with an order of the Supreme Court or a Judge thereof pursuant to the powers conferred under Part IV of the Evidence Act (Cap. 97).</u>	<u>All persons to whom the disclosure is required to be made under the court order.</u>	-
8.	<u>Where the merchant bank is a merchant bank incorporated outside Singapore or a foreign-owned merchant bank incorporated in Singapore, the disclosure is strictly necessary for compliance with a request made by its parent supervisory authority.</u>	<u>The parent supervisory authority of the merchant bank incorporated outside Singapore or the foreign-owned merchant bank incorporated in Singapore, as the case may be.</u>	<p><u>(a) No deposit information shall be disclosed to the parent supervisory authority.</u></p> <p><u>(b) The parent supervisory authority is prohibited by the laws applicable to it from disclosing</u></p>

		<u>the customer information obtained by it to any person unless compelled to do so by the laws or courts of the country or territory where it is established.</u>
9.	<u>Disclosure is in compliance with any notice or directive issued by the Authority to merchant banks under section 28 of the Monetary Authority of Singapore Act (Cap. 186).</u>	<u>The Authority or any person authorised or appointed by the Authority.</u>

[S 238/2007 wef 11/06/2007]

PART IIFURTHER DISCLOSURE PROHIBITED

<u>First column</u>	<u>Second column</u>	<u>Third column</u>
<u>Purpose for which customer information may be disclosed</u>	<u>Persons to whom information may be disclosed</u>	<u>Conditions</u>
1. <u>Disclosure is solely in connection with the performance of duties as an officer or a professional adviser of the merchant bank.</u>	Any — (i) <u>officer of the merchant bank in Singapore;</u> (ii) <u>officer designated in writing by the head office of the merchant</u>	<u>(a) No disclosure shall be made to any auditor referred to in paragraph (a)(iv) of the Second Column, other than an auditor appointed or engaged by the merchant bank</u>

	<p><u>bank in Singapore, or in the case of a foreign-owned merchant bank incorporated in Singapore, its parent bank;</u></p> <p>(iii) <u>lawyer, consultant or other professional adviser appointed or engaged by the merchant bank in Singapore under a contract for service;</u></p> <p>(iv) <u>auditor appointed or engaged by the merchant bank in Singapore, the head office of the merchant bank in Singapore or, in the case of a foreign-owned merchant bank incorporated in Singapore, its parent bank, under a contract for service to perform an audit.</u></p> <p><u>(b) Any of the following persons:</u> <u>(i) the head office of the bank in Singapore where it appointed or engaged the auditor in paragraph (a)(iv);</u> <u>(ii) in the case of a foreign-owned bank incorporated in Singapore, its parent Bank, where it appointed or engaged the auditor in paragraph (a)(iv); or</u></p>	<p><u>in Singapore, unless the auditor has given to the merchant bank a written undertaking that the auditor will not disclose any customer information obtained by the auditor in the course of the performance of audit to any person except:</u></p> <p><u>(i) the head office of the merchant bank in Singapore;</u></p> <p><u>(ii) in the case of a foreign-owned merchant bank incorporated in Singapore, its parent bank; or</u></p> <p><u>(iii) an employee of the Accounting and Corporate Regulatory Authority referred to in paragraph (b)(iii) of the Second Column.</u></p> <p><u>(b) The disclosure by any auditor referred to in paragraph (a)(iv) of the Second Column to an employee of the Accounting and Corporate Regulatory Authority referred to in paragraph (b)(iii) of the Second Column shall be subject to such conditions as may be specified in a notice issued by the Authority</u></p>
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		<p><u>(iii) an employee of the Accounting and Corporate Regulatory Authority that is appointed to carry out a practice review of a public accountant that is a partner, director or employee of the auditor referred to in paragraph (a)(iv), under Part V of the Accountants Act,</u></p> <p><u>where the head office, parent bank or the employee of the Accounting and Corporate Regulatory Authority receives such information from an auditor referred to in paragraph (a)(iv).</u></p>	<u>or otherwise imposed by the Authority.</u>
2.	<u>Disclosure is solely in connection with the conduct of internal audit of the merchant bank or the performance of risk management.</u>	<p><u>In the case of —</u></p> <p><u>(a) a merchant bank incorporated outside Singapore —</u></p> <p><u>(i) the head office or parent bank of the merchant bank;</u></p> <p><u>(ii) any branch of the merchant bank outside Singapore designated in</u></p>	-

	<p><u>writing by the head office of the merchant bank; or</u></p> <p>(iii) <u>any related corporation of the merchant bank designated in writing by the head office of the merchant bank;</u></p>	
	<p>(b) <u>a merchant bank incorporated in Singapore, not being a foreign-owned merchant bank incorporated in Singapore —</u></p> <p>(i) <u>the parent bank; or</u></p> <p>(ii) <u>any related corporation of the merchant bank designated in writing by the head office of the merchant bank; or</u></p>	
	<p>(c) <u>a foreign-owned merchant bank incorporated in Singapore —</u></p>	

		<p>(i) <u>the parent bank; or</u></p> <p>(ii) <u>any related corporation of the merchant bank designated in writing by the parent bank.</u></p>	
3.	<p><u>Disclosure is solely in connection with the performance of operational functions of the merchant bank where such operational functions have been out-sourced in compliance with section 58A.</u></p>	<p><u>Any person including the head office of the merchant bank or any branch which is engaged by the merchant bank or the merchant bank's related entity to perform the out-sourced functions.</u></p>	
4.	<p><u>Disclosure is solely in connection with —</u></p> <p>(a) <u>the merger or proposed merger of the merchant bank with another company; or</u></p> <p>(b) <u>any acquisition or issue, or proposed acquisition or issue, of any</u></p>	<p><u>Any person participating or otherwise involved in the merger, acquisition or issue, or proposed merger, acquisition or issue, including any of his lawyers or other professional advisers (whether or not the merger or acquisition is subsequently entered into or completed).</u></p>	-

<p><u>part of the share capital of the merchant bank,</u></p> <p>- <u>whether or not the merger or acquisition is subsequently entered into or completed.</u></p>		
<p><u>4A. Disclosure is solely in connection with the transfer or proposed transfer of the business of the merchant bank to a company under Division 1 of Part VIIA, whether or not the transfer is subsequently carried out or completed.</u></p>	<p><u>Any —</u></p> <p><u>(a) transferor or transferee, defined in section 55A;</u></p> <p><u>(b) person affected by the transfer;</u></p> <p><u>(c) professional adviser appointed by any person referred to in paragraph (a) or (b); or</u></p> <p><u>(d) independent assessor appointed by the Authority under section 55ZE (1)(c) read with section 55B.</u></p>	
<p><u>4B. Disclosure is solely in connection with the transfer or proposed transfer of the business of the merchant bank to a company under Division 2 of Part IVB of the Monetary Authority of Singapore Act (Cap. 186), whether or not the transfer is subsequently carried out or completed.</u></p>	<p><u>Any —</u></p> <p><u>(a) transferor or transferee, defined in section 56 of the Monetary Authority of Singapore Act;</u></p> <p><u>(b) person affected by the transfer;</u></p> <p><u>(c) professional adviser appointed by any person referred to in paragraph (a) or (b); or</u></p> <p><u>(d) independent assessor appointed by the Authority under section 57 of the Monetary Authority of Singapore Act.</u></p>	

<p><u>4C. Disclosure is solely in connection with the transfer or proposed transfer of the shares in the merchant bank under Division 3 of Part IVB of the Monetary Authority of Singapore Act (Cap. 186), whether or not the transfer is subsequently carried out or completed.</u></p>	<p><u>Any —</u></p> <p><u>(a) transferor or transferee, defined in section 65 of the Monetary Authority of Singapore Act;</u></p> <p><u>(b) professional adviser appointed by the transferor or transferee; or</u></p> <p><u>(c) independent assessor appointed by the Authority under section 66 of the Monetary Authority of Singapore Act.</u></p>	
<p><u>4D. Disclosure is solely in connection with the restructuring or proposed restructuring of the share capital of the merchant bank under Division 4 of Part IVB of the Monetary Authority of Singapore Act (Cap. 186), whether or not the restructuring is carried out or completed.</u></p>	<p><u>Any —</u></p> <p><u>(a) shareholder of the bank;</u></p> <p><u>(b) subscriber defined in section 68 of the Monetary Authority of Singapore Act;</u></p> <p><u>(c) professional adviser appointed by the bank or any person referred to in paragraph (a) or (b); or</u></p> <p><u>(d) independent assessor appointed by the Authority under section 69 of the Monetary Authority of Singapore Act.</u></p>	
<p><u>5. Disclosure is solely in connection with the restructure, transfer or sale, or proposed restructure, transfer or sale, of credit facilities (whether or not the restructure, transfer or sale is subsequently entered into or completed).</u></p>	<p><u>Any transferee, purchaser or any other person participating or otherwise involved in the restructure, transfer or sale, or proposed restructure, transfer or sale, including any of his lawyers or other professional advisers (whether or not the restructure, transfer or sale is subsequently entered into or completed).</u></p>	<p><u>No customer information, other than information relating to the relevant credit facilities, shall be disclosed.</u></p>

<p>6. <u>⁶Disclosure is strictly necessary —</u></p> <p>(a) <u>for the collation, synthesis or processing of customer information by the credit bureau for the purposes of the assessment of the credit-worthiness of the customers of merchant banks; or</u></p> <p>(b) <u>for the assessment, by other members of the credit bureau specified in the second column, of the credit-worthiness of the customers of</u></p>	<p><u>Any —</u></p> <p>(a) <u>credit bureau of which the merchant bank is a member;</u></p> <p>(b) <u>other member of the credit bureau that is —</u></p> <p>(i) <u>a bank or merchant bank; or</u></p> <p>(ii) <u>a person, or a person belonging to a class of persons, recognised by the Authority, by notification in the Gazette, as authorised to receive the information,</u></p> <p><u>where that member receives such information from the credit bureau.</u></p>	<p>(a) <u>No deposit information shall be disclosed.</u></p> <p>(b) <u>The disclosure by any credit bureau to any person referred to in paragraph (b) of the second column shall be subject to such conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.</u></p>
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⁶ Amendments will be made to align this item with item 7 of Part II of the Third Schedule to the BA as amended by section 81 of the Credit Bureau Act 2016, when the Credit Bureau Act comes into operation.

	<u>merchant banks.</u>		
<u>7.</u>	<u>Disclosure is strictly necessary for the assessment of the credit-worthiness of the customer in connection with or relating to a bona fide commercial transaction or a prospective commercial transaction.</u>	<u>Any bank or other merchant bank in Singapore.</u>	<u>No customer information, other than information of a general nature and not related to the details of the customer's account with the merchant bank, shall be disclosed.</u>
<u>8.</u>	<u>[Deleted by S 741/2013 wef 02/01/2014]</u>		

