

MAS 806

20 April 1987

NOTICE TO FINANCE COMPANIES
FINANCE COMPANIES ACT, CAP 108 1985 Ed

Notice to Finance Companies MAS 806 dated 1 December 1983 is cancelled.

Minimum Cash Balances and Minimum Liquid Assets

MINIMUM CASH BALANCES

Pursuant to Section 31 (1) (f) of the Finance Companies Act, all finance companies in Singapore are required to maintain minimum cash balances (MCB) with the Authority of not less than 3% of their liabilities base as defined in [Appendix I](#). The guidelines for the computation of the MCB are at [Appendix II](#) (and associated [Annex I](#)).

MINIMUM LIQUID ASSETS

Pursuant to Section 32 (2) of the Finance Companies Act, finance companies in Singapore are required to hold minimum liquid assets of not less than 13% of their liabilities base.

2 For the purpose of Section 32 (2), liquid assets shall comprise the following items (a) to (d):-

- a. Notes and coins which are legal tender in Singapore.
- b. Singapore Government securities and debt securities issued by the Monetary Authority of Singapore under the Monetary Authority of Singapore Act (Cap. 186).
- c. Singapore Government securities and debt securities issued by the Monetary Authority of Singapore under the Monetary Authority of Singapore Act (Cap. 186) held under reverse repurchase agreements.
- d. Bills of exchange in Singapore dollars accepted or endorsed by at least 2 banks in Singapore, which arise from genuine trade transactions and are payable within 3 months.

3 For the purpose of the computation of minimum liquid assets, item 2 (c) shall not exceed 5% of the liabilities base, item 2 (d) shall not exceed 4% of the liabilities base and items 2 (c) and 2 (d) in aggregate should not exceed 8% of the liabilities base. At least 5% of the minimum liquid assets shall be kept in item 2 (b).

4 The guidelines for the computation of the minimum liquid assets ratio are at [Appendix III](#) (and associated [Annex II](#)).

Note on history of amendments

1. MAS Notice 806 (Amendment) 2006 with effect from 28 Sep 2006
2. MAS Notice 806 (Amendment) 2011 with effect from 13 Apr 2011