

## **MAS NOTICE 637 (AMENDMENT) 2021**

Issued on: 14 June 2021

### **RISK BASED CAPITAL ADEQUACY REQUIREMENTS FOR BANKS INCORPORATED IN SINGAPORE**

#### **Introduction**

- 1 This document reflects amendments made to MAS Notice 637 to:
  - (a) reflect that the transitional arrangements for the adoption of the standardised approach for counterparty credit risk ("SA-CCR") and the revised capital requirements for bank exposures to central counterparties will cease on 31 December 2021;
  - (b) set out an alternative treatment for the measurement of derivative exposures for leverage ratio calculation, using a modified version of SA-CCR; and
  - (c) implement other technical revisions to the credit risk framework.
- 2 For presentational purposes, the amendments in this document are compared with the version of MAS Notice 637 issued on 14 September 2012, as last revised on 23 September 2020 (the "Original Notice").
- 3 This document shall be interpreted as follows:
  - (a) Text which is coloured and struck through represent deletions;
  - (b) Text which is coloured and underlined represent insertions;
  - (c) Text which is highlighted in yellow are annotations to describe changes, and will not appear in the published untracked version of MAS Notice 637. For instance, where amendments have been made to a selected paragraph of an Annex, only that paragraph will be reflected in this document, prefaced with the following explanatory text in yellow highlights:  
*[Amendments to paragraph xx];*
  - (d) Any inserted portions are inserted in numerical or alphabetical order (as appropriate) with the existing text in the Original Notice;
  - (e) Portions of the Original Notice which are not reflected in this document are unchanged.
- 4 The amendments reflected in this document shall take effect from 1 July 2021.

5 In the event of discrepancies between the amendments in this document and the published version of MAS Notice 637 revised on 14 June 2021 (with effect from 1 July 2021), the published version of MAS Notice 637 shall prevail. This document is to be used for reference only.

## **Amendments to Part IV: Capital Adequacy Ratios and Leverage Ratio**

### **Division 1: Capital Adequacy Ratios**

#### **Amendment to paragraph 4.1.4**

4.1.4 ~~Where a~~<sup>A</sup> Reporting Bank ~~that~~ is designated by the Authority as a domestic systemically important bank<sup>3C</sup> ("D-SIB"), ~~it~~ shall, at all times, maintain at both the Solo and Group levels, the minimum ratios set out in Table 4-1:

Table 4-1: Minimum ratios<sup>4</sup>

	<b>Minimum CAR</b>
Minimum CET1 CAR	6.5%
Minimum Tier 1 CAR	8%
Minimum Total CAR	10%

[MAS Notice 637 (Amendment) 2016]  
[\[MAS Notice 637 \(Amendment\) 2021\]](#)

#### **Amendment to paragraph 4.1.9**

4.1.9 Where the CET1 CAR, Tier 1 CAR or Total CAR of a Reporting Bank is within the Capital Conservation Buffer range, the Reporting Bank shall meet the minimum capital conservation ratios set out in Tables 4-3<sup>7,8</sup>. Tables 4-4 to 4-6 illustrate the ranges of CET1 CAR corresponding to various minimum capital conservation ratios as of 1 January 2017, 2018 and 2019, respectively, which a Reporting Bank ~~that~~ <sup>is</sup> designated by the Authority as a D-SIB needs to maintain.

[\[MAS Notice 637 \(Amendment\) 2021\]](#)

---

<sup>3C</sup> A Reporting Bank shall refer to the Authority's D-SIB framework and the list of designated D-SIBs published on the Authority's website.

[MAS Notice 637 (Amendment) 2016]

<sup>4</sup> Where the Reporting Bank is not designated by the Authority as a D-SIB, it shall, at all times, maintain at both the Solo and Group levels the minimum ratios set out in Annex 4 of "Basel III: A global regulatory framework for more resilient banks and banking systems" issued by the BCBS in December 2010 (revised June 2011).

[MAS Notice 637 (Amendment) 2016]

<sup>7</sup> The distribution constraints imposed on Reporting Banks when their capital adequacy ratios fall within the Capital Conservation Buffer range increase as the Reporting Banks' capital adequacy ratios approach the minimum ratios. By design, the constraints imposed on Reporting Banks with capital adequacy ratios at the top of the Capital Conservation Buffer range would be minimal.

[MAS Notice 637 (Amendment No. 2) 2020]

<sup>8</sup> Although the Capital Conservation Buffer may be drawn down, a Reporting Bank should not choose in normal times outside periods of stress to operate within the Capital Conservation Buffer range.

## CALCULATION OF THE LEVERAGE RATIO

### Section 2: EM

Insertions of paragraphs 2.6A, 2.14A to 2.14S, and amendments to paragraphs 2.11, 2.15 and 2.17

#### Derivative Transactions

2.6A A Reporting Bank shall calculate its exposure measure in respect of all its derivative transactions in accordance with paragraphs 2.7 to 2.14 of this Annex, unless the Reporting Bank has elected pursuant to paragraph 2.14A of this Annex to calculate its exposure measure in respect of all its derivative transactions in accordance with paragraphs 2.14C to 2.14S of this Annex instead.

[MAS Notice 637 (Amendment) 2021]

2.7 For a derivative transaction that is not covered by a qualifying bilateral netting agreement, a Reporting Bank shall calculate its exposure measure in respect of the derivative transaction by adding -

- (a) the replacement cost<sup>24</sup> as set out in paragraph 1.1(a) of Annex 7O of MAS Notice 637 in force immediately before 1 January 2017 (except that the references to "OTC derivative transaction" shall be replaced by "derivative transaction"); and
- (b) the amount for potential future exposure as set out in paragraph 1.1(b) of Annex 7O of MAS Notice 637 in force immediately before 1 January 2017 (except that the references to "OTC derivative transaction" shall be replaced by "derivative transaction").

[MAS Notice 637 (Amendment No. 2) 2018]

2.8 For a derivative transaction that is covered by a qualifying bilateral netting agreement, a Reporting Bank shall calculate its exposure measure in respect of the derivative transaction by adding -

- (a) the net replacement cost<sup>24</sup> as set out in paragraph 1.2(a) of Annex 7O of MAS Notice 637 in force immediately before 1 January 2017 (except that the reference to "OTC derivative transactions" shall be replaced by "derivative transactions"); and
- (b) an add-on, "ANet", for the potential future exposure as set out in paragraphs 1.2(b) and 1.3 of Annex 7O of MAS Notice 637 in force

<sup>24</sup> Where there is no accounting measure of exposure for certain derivative instruments because they are held completely off-balance sheet, the Reporting Bank shall use the sum of positive fair values of these derivative instruments as the replacement cost.

immediately before 1 January 2017 (except that the reference to “OTC derivative transactions” shall be replaced by “derivative transactions”).

[MAS Notice 637 (Amendment No. 2) 2018]

2.9 A Reporting Bank shall not apply cross-product netting in the calculation of its EM.

2.10 A Reporting Bank shall not reduce the exposure measure in respect of derivative transactions calculated in accordance with paragraphs 2.7 or 2.8 of this Annex, whichever is applicable, by any collateral received from its counterparty in connection with the derivative transaction. For the avoidance of doubt, the Reporting Bank shall not net any collateral received against the derivative transaction even if such netting is permitted under the Accounting Standards or Part VII. Where collateral provided by the Reporting Bank in relation to a derivative transaction has reduced the value of its balance sheet assets in accordance with the Accounting Standards, the Reporting Bank shall gross up the exposure measure in respect of the derivative transaction by the amount of such collateral.

2.11 Notwithstanding paragraph 2.10 of this Annex, a Reporting Bank may reduce the exposure measure in respect of a derivative transaction calculated in accordance with paragraphs 2.7 or 2.8 of this Annex, whichever is applicable, by the cash portion of the variation margin received or provided in relation to the derivative transaction, if the following conditions are met:

- (a) for trades not cleared through a qualifying CCP as defined in Annex 7AJ, the cash received by the recipient counterparty is not segregated;
- (b) the variation margin is calculated and exchanged on a daily basis based on mark-to-market valuation of the derivative transactions;

[MAS Notice 637 (Amendment No. 2) 2014]

[MAS Notice 637 (Amendment) 2021]

- (c) the cash portion of the variation margin is received in ~~the same currency as the currency of settlement of the derivative contract;~~ a currency specified in -
  - (i) the derivative contract;
  - (ii) an agreement to net that covers the derivative transaction, with the counterparty or the CCP; or
  - (iii) a credit support annex to an agreement to net mentioned in sub-paragraph (c)(ii);

[MAS Notice 637 (Amendment) 2021]

- (d) the variation margin exchanged is the full amount necessary to fully extinguish the mark-to-market exposure of the derivative transaction subject to the margin threshold and minimum transfer amounts applicable to the counterparty; and

[MAS Notice 637 (Amendment) 2021]

- (e) the derivatives transactions and variation margins are covered by a single agreement to net<sup>25</sup> between the counterparties in the derivatives transaction and the agreement to net -
  - (i) explicitly stipulates that the counterparties agree to settle on a net basis any obligation covered by such an agreement to net, taking into account any variation margin received or provided if a credit event occurs involving either counterparty; and
  - (ii) is legally enforceable and effective in all relevant jurisdictions<sup>26</sup>, including in the event of default, insolvency, and bankruptcy.

[MAS Notice 637 (Amendment) 2021]

2.12 For the purposes of paragraph 2.11 of this Annex, a Reporting Bank may:

- (a) reduce the replacement cost calculated in accordance with paragraphs 2.7 or 2.8 of this Annex, whichever is applicable, by the amount of the cash portion of the variation margin received<sup>27</sup>, if the positive mark-to-market value of the derivative transaction or transactions is not already reduced by the same amount of the cash portion of the variation margin received in accordance with the Accounting Standards; or
- (b) in respect of the cash portion of the variation margin provided to a counterparty, where the cash portion of the variation margin has been recognised as an asset in accordance with the Accounting Standards, deduct the resulting receivable from its EM.

2.13 Where a Reporting Bank, acting as a clearing member of a qualifying CCP as defined in Annex 7AJ, offers clearing services for derivative transactions to its clients, the Reporting Bank may exclude CCP trade exposures<sup>28</sup> to a qualifying CCP from the calculation of its exposure measure in respect of the derivative transaction if the Reporting Bank is not obligated, based on the contractual arrangements with the client, to reimburse the client for any losses suffered due to changes in the value of its derivative transactions

---

<sup>25</sup> For the purpose of paragraph 2.11 of this Annex, an agreement to net is any agreement that provides legally enforceable right of offsets. A master agreement to net may be deemed to be a single agreement to net.

<sup>26</sup> For the purpose of Annex 4A, "relevant jurisdictions" has the same meaning as in paragraph 3.1(a)(iv) of Annex 7N.

<sup>27</sup> The cash portion of the variation margin shall not be used to reduce the potential future exposure (including the calculation of NGR) calculated in accordance with paragraphs 2.7 and 2.8 of this Annex.

<sup>28</sup> For the purposes of paragraphs 2.13 and 2.14 of this Annex, CCP trade exposures shall include initial margin irrespective of whether or not it is posted in a manner that makes it remote from the insolvency of the CCP.

in the event that the qualifying CCP defaults.<sup>29</sup> Where the CCP trade exposures are to a CCP that is not a qualifying CCP as defined in Annex 7AJ, the Reporting Bank shall include the CCP trade exposures based on the treatment for derivative transactions specified in this Annex.

2.14 Where the client enters directly into a derivatives transaction with the CCP and the Reporting Bank acting as a clearing member for the client to the CCP, guarantees the performance of its client's CCP trade exposures to the CCP for the transaction, the Reporting Bank shall calculate its related exposure resulting from the guarantee as an exposure measure in respect of the derivative transaction as set out in paragraphs 2.7 to 2.12 of this Annex, as if the Reporting Bank had entered directly into the transaction with the client, including with regard to the receipt or provision of the cash portion of the variation margin.

#### Alternative Treatment for Derivative Transactions

2.14A A Reporting Bank may elect to calculate its exposure measure in respect of all its derivative transactions in accordance with paragraphs 2.14C to 2.14S of this Annex, instead of paragraphs 2.7 to 2.14 of this Annex –

(a) for the period up to 31 December 2021, if the Reporting Bank elects pursuant to paragraph 5.3 of Annex 7O to comply with Annex 7O of this Notice prior to, or at the same time when, the Reporting Bank elects to calculate its exposure measure in respect of all its derivative transactions in accordance with paragraphs 2.14C to 2.14S of this Annex; or

(b) on or after 1 January 2022.

[MAS Notice 637 (Amendment) 2021]

2.14B When a Reporting Bank elects to calculate its exposure measure in respect of all its derivative transactions in accordance with paragraphs 2.14C to 2.14S of this Annex, the Reporting Bank shall give the Authority notice in writing of the date from which the Reporting Bank elects to calculate its exposure measure in respect of all its derivative transactions in accordance with paragraphs 2.14C to 2.14S of this Annex (the "election date for LR"), no less than 30 days before the election date for LR. For the avoidance of doubt, the election date for LR may be the same or after the election date in paragraph 5.3 of Annex 7O.

[MAS Notice 637 (Amendment) 2021]

2.14C Subject to paragraphs 2.14L and 2.14M of this Annex, for a derivative transaction that is not covered by a qualifying bilateral netting agreement, a Reporting Bank shall calculate the exposure measure in respect of the derivative transaction using the following formula:

$$\text{exposure measure} = \alpha \times (RC + PFE)$$

<sup>29</sup> For the avoidance of doubt, where the Reporting Bank is obligated to reimburse the client for any losses suffered due to changes in the value of its transactions in the event that the qualifying CCP defaults, the Reporting Bank shall include the CCP trade exposures based on the treatment for derivative transactions specified in this Annex.

where –

(a)  $\alpha = 1.4$ ;

(b)  $RC$  = the replacement cost of the derivative transaction calculated using the following formula:

$$RC = \max(V - CVM_r + CVM_p, 0)$$

where –

(i)  $V$  = the market value of the derivative transaction;

(ii)  $CVM_r$  = the cash variation margin received by the Reporting Bank in relation to the derivative transaction that meets the conditions set out in paragraph 2.14H of this Annex and that has not reduced  $V$  under the Accounting Standards; and

(iii)  $CVM_p$  = the cash variation margin provided by the Reporting Bank in relation to the derivative transaction that meets the conditions set out in paragraph 2.14H of this Annex; and

(c)  $PFE$  = the potential future exposure of the derivative transaction calculated as –

$$PFE = multiplier \times AddOn^{aggregate}$$

in accordance with Sections 3 and 4 of Annex 7O, except that the value of the multiplier referred to in paragraph 3.1(b) of Annex 7O shall be fixed at one. To avoid doubt, a Reporting Bank may calculate the maturity factor used in the calculation of  $AddOn^{aggregate}$ , in accordance with paragraph 3.18 of Annex 7O (i.e. the Reporting Bank may recognise the PFE-reducing effect from the regular exchange of variation margin).

[MAS Notice 637 (Amendment) 2021]

2.14D Subject to paragraphs 2.14L and 2.14M of this Annex, for a set of derivative transactions that is covered by a qualifying bilateral netting agreement, a Reporting Bank shall calculate the exposure measure in respect of the netting set using the following formula:

$$exposure\ measure = \alpha \times (RC + PFE)$$

where –

(a)  $\alpha = 1.4$ ;

(b)  $RC$  = the replacement cost of the derivative transactions in the netting set calculated using the following formula –

$$RC = \max(V - CVM_r + CVM_p, 0)$$

where –



- (i)  $V$  = the market value of the derivative transactions in the netting set;
- (ii)  $CVM_r$  = the cash variation margin received by the Reporting Bank in relation to the derivative transactions in the netting set that meets the conditions set out in paragraph 2.14H of this Annex and that has not reduced  $V$  under the Accounting Standards; and
- (iii)  $CVM_p$  = the cash variation margin provided by the Reporting Bank in relation to the derivative transactions in the netting set that meets the conditions set out in paragraph 2.14H of this Annex; and
- (c)  $PFE$  = the potential future exposure of the derivative transactions in the netting set calculated as –

$$PFE = multiplier \times AddOn^{aggregate}$$

in accordance with Sections 3 and 4 of Annex 70, except that the value of the multiplier referred to in paragraph 3.1(b) of Annex 70 shall be fixed at one. To avoid doubt, a Reporting Bank may calculate the maturity factor used in the calculation of  $AddOn^{aggregate}$ , in accordance with paragraph 3.18 of Annex 70 (i.e. the Reporting Bank may recognise the PFE-reducing effect from the regular exchange of variation margin).

[MAS Notice 637 (Amendment) 2021]

2.14E For the purposes of paragraphs 2.14C(b) and 2.14D(b) of this Annex, where there is no accounting measure of exposure for certain derivative transactions because they are held completely off-balance sheet, the Reporting Bank shall use the sum of positive fair values of these derivative transactions as the replacement cost.

[MAS Notice 637 (Amendment) 2021]

2.14F A Reporting Bank shall include the exposure measure in respect of a written option in the calculation of its EM, even if it is assigned a zero E or EAD for the purposes of credit risk capital requirements under Part VII.

[MAS Notice 637 (Amendment) 2021]

2.14G A Reporting Bank shall not reduce the exposure measure in respect of a derivative transaction calculated in accordance with paragraphs 2.14C or 2.14D of this Annex, whichever is applicable, by any collateral received from its counterparty in connection with the derivative transaction. To avoid doubt, the Reporting Bank shall not net any collateral received against the derivative transaction even if such netting is permitted under the Accounting Standards or Part VII. Where collateral provided by the Reporting Bank in relation to a derivative transaction has reduced the value of its balance sheet assets in accordance with the Accounting Standards, the Reporting Bank shall gross up the exposure measure in respect of the derivative transaction by the amount of such collateral. A Reporting Bank shall –

- (a) for the purposes of paragraphs 2.14C(b) and 2.14D(b) of this Annex, not reduce *RC* by any collateral received from its counterparty in connection with the derivative transaction; and
- (b) for the purposes of paragraphs 2.14C(c) and 2.14D(c) of this Annex, fix the value of the multiplier at one, but the Reporting Bank may calculate the maturity factor used in the calculation of *AddOn<sup>aggregate</sup>* in accordance with paragraph 3.18 of Annex 7O (i.e. the Reporting Bank may recognise the PFE-reducing effect from the regular exchange of variation margin).

This paragraph does not apply to the computation of the exposure measure in respect of a derivative transaction calculated under paragraph 2.14O of this Annex.

[MAS Notice 637 (Amendment) 2021]

2.14H In calculating the exposure measure in respect of a derivative transaction, a Reporting Bank may deem the cash portion of variation margin exchanged between counterparties as a form of pre-settlement payment (rather than a collateral) and reduce the exposure measure in respect of a derivative transaction in accordance with paragraph 2.14K of this Annex, if all of the following conditions are met:

- (a) for trades not cleared through a qualifying CCP, the cash received by the recipient counterparty is not segregated, i.e. there are no restrictions imposed on the recipient counterparty by law, regulation or any agreement, which restrict the recipient counterparty's ability to use the cash received;
- (b) the variation margin is calculated and exchanged on a daily basis based on mark-to-market valuation of the derivative transaction, and the variation margin may be exchanged on the morning of the subsequent trading day based on the previous end-of-day market values;
- (c) the cash portion of the variation margin is received in a currency specified in –
  - (i) the derivative contract;
  - (ii) an agreement to net that covers the derivative transaction, with the counterparty or the CCP; or
  - (iii) a credit support annex to an agreement to net mentioned in sub-paragraph (c)(ii);
- (d) the variation margin exchanged is the full amount necessary to fully extinguish the mark-to-market exposure of the derivative transaction subject to the margin threshold and minimum transfer amounts applicable to the counterparty;
- (e) the derivatives transaction and variation margin are covered by a single agreement to net between the counterparties in the derivatives transaction and the agreement to net –

- (i) explicitly stipulates that the counterparties agree to settle on a net basis any obligation covered by such an agreement to net, taking into account any variation margin received or provided if a credit event occurs involving either counterparty;
- (ii) is legally enforceable and effective in all relevant jurisdictions within the meaning of paragraph 3.1(a) of Annex 7N, including in the event of default, insolvency, and bankruptcy<sup>29AA</sup>; and
- (iii) does not contain a walkaway clause;
- (f) the Reporting Bank has obtained a written independent legal opinion<sup>29AA</sup> confirming that the agreement to net meets the criteria in sub-paragraph (e).

[MAS Notice 637 (Amendment) 2021]

2.14I For the purposes of paragraph 2.14H(c) and (e) of this Annex, an agreement to net is any agreement that provides a legally enforceable right of offset, and a Reporting Bank may deem a master agreement to net as a single agreement to net.

[MAS Notice 637 (Amendment) 2021]

2.14J For the purposes of paragraph 2.14H(d) of this Annex, where a margin dispute arises, a Reporting Bank shall not recognise any variation margin as the variation margin exchanged, other than the amount of non-disputed variation margin that has been exchanged.

[MAS Notice 637 (Amendment) 2021]

2.14K Pursuant to paragraph 2.14H of this Annex, if all of the conditions in paragraph 2.14H of this Annex are met, a Reporting Bank may –

- (a) reduce the replacement cost calculated in accordance with paragraphs 2.14C(b) or 2.14D(b) of this Annex, whichever is applicable, by the amount of the cash portion of the variation margin received, if the positive mark-to-market value of the derivative transaction or transactions is not already reduced by the same amount of the cash portion of the variation margin received in accordance with the Accounting Standards; or
- (b) in respect of the cash portion of the variation margin provided to a counterparty, where the cash portion of the variation margin has been recognised as an asset in accordance with the Accounting Standards, deduct the resulting receivable in the calculation of its EM, and instead

<sup>29AA</sup> While a Reporting Bank may use either an in-house or external legal counsel for the purpose of obtaining a written independent legal opinion, it should consider whether or not an in-house counsel opinion is appropriate. In the case of an in-house legal counsel, the Reporting Bank should ensure that the in-house legal counsel is independent of the parties originating transactions covered by the agreement to net.

[MAS Notice 637 (Amendment) 2021]

include the cash portion of the variation margin provided in the calculation of  $RC$  via the term  $CVM_p$ .

To avoid doubt, the Reporting Bank shall not use the cash portion of the variation margin received by the Reporting Bank to reduce the potential future exposure calculated in accordance with paragraph 2.14C(c) or 2.14D(c) of this Annex.

[MAS Notice 637 (Amendment) 2021]

2.14L Where a Reporting Bank, acting as a clearing member of a qualifying CCP, offers clearing services for derivative transactions to a client, the Reporting Bank may exclude the exposure measure in respect of the CCP trade exposures to the qualifying CCP in the calculation of the exposure measure in respect of the derivative transaction if the Reporting Bank is not obligated, based on the contractual arrangements with the client, to reimburse the client for any losses suffered due to changes in the value of its derivative transactions in the event that the qualifying CCP defaults. To avoid doubt, a Reporting Bank shall include the exposure measure in respect of the CCP trade exposures based on the treatment for derivative transactions specified in this Annex, where –

- (a) the Reporting Bank, in acting as a clearing member of a qualifying CCP, is obligated to reimburse the client for any losses suffered due to changes in the value of the client's transactions in the event that the qualifying CCP defaults; or
- (b) the CCP trade exposures are to a CCP that is not a qualifying CCP.

[MAS Notice 637 (Amendment) 2021]

2.14M Where a Reporting Bank is a higher level client in a multi-level client structure, and offers clearing services to a client for a derivative transaction that is cleared by a qualifying CCP, the Reporting Bank may exclude the exposure measure in respect of the resulting CCP trade exposure to a clearing member or to an entity that is a higher-level client to the Reporting Bank, in the calculation of the exposure measure in respect of the derivative transaction if all of the following conditions are met:

- (a) the Reporting Bank shall confirm that the offsetting transaction in respect of the derivative transaction is identified by the qualifying CCP as a higher level client transaction;
- (b) the Reporting Bank shall obtain a written independent legal opinion<sup>29AB</sup> which concludes that –
  - (i) collateral is held by the qualifying CCP or the clearing member or both, to support the offsetting transaction in respect of the derivative

---

<sup>29AB</sup> While a Reporting Bank may use either an in-house or external legal counsel for the purpose of obtaining a written independent legal opinion, it should consider whether or not an in-house counsel opinion is appropriate. In the case of an in-house legal counsel, the Reporting Bank should ensure that the in-house legal counsel is independent of the parties originating transactions related to the Reporting Bank's client clearing services.

[MAS Notice 637 (Amendment) 2021]

transaction, under one or more arrangements that prevent any losses to the Reporting Bank due to –

(A) the default or insolvency of the clearing member;

(B) the default or insolvency of other clients of the clearing member;  
or

(C) the joint default or insolvency of the clearing member and any of its other clients;

(ii) under the arrangements in sub-paragraph (b)(i), upon the insolvency of the clearing member, there is no legal impediment (other than the need to obtain a court order to which the client is entitled) to the transfer of the collateral belonging to clients of the defaulting clearing member to the qualifying CCP, to one or more other surviving clearing members, or to clients or their respective nominees; and

(iii) the arrangements in sub-paragraph (b)(i) are binding on all relevant parties and legally enforceable in all relevant jurisdictions within the meaning of paragraph 3.1(a) of Annex 7N;

(c) the Reporting Bank shall ensure that the arrangements in sub-paragraph (b)(i) do not cease to be enforceable and there continues to be no legal impediment under sub-paragraph (b)(ii);

(d) the laws, regulation, rules, contractual arrangements and administrative arrangements, that govern the derivative transaction between the Reporting Bank and the clearing member or higher level client, as the case may be, shall –

(i) provide that the offsetting transaction in respect of the derivative transaction with a clearing member that has defaulted, or an insolvent clearing member, will continue to be indirectly transacted through the qualifying CCP, or by the qualifying CCP, should the clearing member default or become insolvent; and

(ii) allow for the Reporting Bank's positions and collateral placed with the qualifying CCP to be transferred at market value unless the Reporting Bank requests to close out at market value; and

(e) the Reporting Bank shall not be obligated, based on any contractual arrangements with its client, to reimburse the client for any losses suffered in the event that the qualifying CCP or the clearing member defaults.

[MAS Notice 637 (Amendment) 2021]

2.14N For the purposes of paragraph 2.14M(d) of this Annex, a Reporting Bank shall consider these factors when assessing if the offsetting transaction in respect of the derivative transaction will continue to be indirectly transacted:

(a) whether there is a precedent for transactions being ported to another clearing member or the qualifying CCP;

(b) whether there is any reason for the Reporting Bank to believe that the industry practice for such precedent to continue, will be changed.

The Reporting Bank shall not determine that the criteria in paragraph 2.14M(d) of this Annex is met solely on the basis that there is no prohibition against the porting of client trades in any documentation provided by the qualifying CCP, including in rules imposed by or agreements entered into with, the qualifying CCP, that govern transactions transacted with or through the qualifying CCP.

[MAS Notice 637 (Amendment) 2021]

2.14O Where a Reporting Bank offers clearing services for derivative transactions to a client for derivative transactions that are cleared by a qualifying CCP or a CCP that is not a qualifying CCP, whether by acting as a clearing member of the CCP or by acting as a higher level client within a multi-level client structure, the Reporting Bank shall determine the exposure measure in respect of its exposure to the client as E calculated in accordance with paragraphs 1.1 and 2.3 to 4.2 of Annex 7O, subject to paragraph 2.14P of this Annex.

[MAS Notice 637 (Amendment) 2021]

2.14P In determining the exposure measure in respect of its exposure to the client, the Reporting Bank shall restrict the amount of initial margin received by the Reporting Bank from the client, that may be included in the values of *C* and *NICA* for the purposes of determining *RC* and *PFE*, to the amount for which the Reporting Bank records and maintains a separate book entry in relation to the client's money or other assets received from each client under the laws governing the Reporting Bank's handling or custody of client assets.

[MAS Notice 637 (Amendment) 2021]

2.14Q For the purposes of paragraphs 2.14L to 2.14N and 2.14R of this Annex, where a Reporting Bank offers clearing services for a derivative transaction to an affiliate of the Reporting Bank, the Reporting Bank shall consider the entity as a client if the entity is outside the regulatory scope of consolidation at the level at which the leverage ratio is being calculated. Where the entity is within the regulatory scope of consolidation at the level at which the leverage ratio is being calculated<sup>29AC</sup>, the Reporting Bank shall include the exposure measure in respect of the Reporting Bank's trade exposure to the CCP resulting from the Reporting Bank's provision of clearing services for the derivative transaction, calculated in accordance with paragraphs 2.14L to 2.14N of this Annex, in the calculation of the exposure measure in respect of the derivative transaction.

[MAS Notice 637 (Amendment) 2021]

---

<sup>29AC</sup> In such a case, the Reporting Bank's trade exposure to the entity is eliminated in the course of consolidation, but the Reporting Bank still has a trade exposure to the CCP.

[MAS Notice 637 (Amendment) 2021]

2.14R Where a client enters directly into a derivative transaction with the CCP and the Reporting Bank acting as a clearing member for the client to the CCP, guarantees the performance of its client's CCP trade exposures to the CCP for the transaction, the Reporting Bank shall calculate the exposure measure in respect of the guarantee as an exposure measure in respect of the derivative transaction as set out in paragraphs 2.14C to 2.14K of this Annex, as if the Reporting Bank had entered directly into the transaction with the client, including with regard to the receipt or provision of the cash portion of the variation margin.

[MAS Notice 637 (Amendment) 2021]

2.14S For the purposes of paragraphs 2.14L to 2.14N and 2.14Q of this Annex, CCP trade exposures include initial margin posted to the CCP, irrespective of whether or not such margin is posted in a manner that makes it remote from the insolvency of the CCP.

[MAS Notice 637 (Amendment) 2021]

#### Written Credit Derivatives

2.15 In addition to the treatment for derivative transactions, which would include credit derivatives where the Reporting Bank is the protection seller ("written credit derivatives"), set out in paragraphs 2.7 to 2.14 of this Annex, or paragraphs 2.14C to 2.14S of this Annex where the Reporting Bank has elected to calculate its exposure measure in respect of all its derivative transactions in accordance with those paragraphs, a Reporting Bank shall include, subject to paragraphs 2.16 to 2.17 of this Annex, in its exposure measure in respect of a written credit derivative, the effective notional amount<sup>29A</sup> of the written credit derivative.

[MAS Notice 637 (Amendment) 2021]

2.16 For the purpose of calculating the effective notional amount of the written credit derivative, a Reporting Bank may reduce the effective notional amount by any negative change in fair value amount that has been incorporated into the calculation of CM with respect to the written credit derivative. The Reporting Bank may further reduce the

---

<sup>29A</sup> The effective notional amount of the written credit derivative is obtained by adjusting the notional amount to reflect the true exposure of the written credit derivatives that are leveraged or otherwise enhanced by the structure of the transaction.

resulting amount by the effective notional amount of a purchased credit derivative on the same reference name<sup>29B,29C</sup> if -

- (a) the credit protection purchased is on a reference obligation which ranks *pari passu* with or is junior to the underlying reference obligation of the written credit derivative in the case of single name credit derivatives<sup>29D</sup> ; and
- (b) the remaining maturity of the purchased credit derivative is equal to or greater than the remaining maturity of the written credit derivative.

2.17 For the purpose of calculating the amount for potential future exposure as set out in paragraphs 2.7(b) and 2.8(b) of this Annex, or paragraphs 2.14C(c) and 2.14D(c) of this Annex where the Reporting Bank has elected to calculate its exposure measure in respect of all its derivative transactions in accordance with paragraphs 2.14C to 2.14S of this Annex, a Reporting Bank may deduct from the amount for potential future exposure, the individual potential future exposure amount relating to a written credit derivative provided that it is not offset under paragraph 2.16 of this Annex and the effective notional amount is included in the calculation of the written credit derivative under paragraph 2.15 of this Annex<sup>29E</sup>.

[MAS Notice 637 (Amendment) 2021]

<sup>29B</sup> Two reference names are considered identical only if they refer to the same legal entity. For single-name credit derivatives, protection purchased that references a subordinated position may offset protection sold on a more senior position of the same reference entity as long as a credit event on the senior reference asset would result in a credit event on the subordinated reference asset. A Reporting Bank may offset protection purchased on a pool of reference entities with protection sold on individual reference names if the protection purchased is economically equivalent to buying protection separately on each of the individual names in the pool (this would, for example, be the case if a Reporting Bank were to purchase protection on an entire securitisation structure). If a Reporting Bank purchases protection on a pool of reference names, but the credit protection does not cover the entire pool (i.e. the protection covers only a subset of the pool, as in the case of an nth-to-default credit derivative or a securitisation tranche), then the Reporting Bank shall not be permitted to offset the protection sold on individual reference names. However, a Reporting Bank may offset such purchased protections with sold protections on a pool provided the purchased protection covers the entirety of the subset of the pool on which protection has been sold. In other words, a Reporting Bank may recognise offsetting only when the pool of reference entities and the level of subordination in both transactions are identical.

<sup>29C</sup> The Reporting Bank may reduce the effective notional amount of a written credit derivative by any negative change in fair value reflected in the Reporting Bank's CM provided the effective notional amount of the offsetting purchased credit protection is also reduced by any resulting positive change in fair value reflected in CM. Where a Reporting Bank buys credit protection through a total return swap and records the net payments received as net income, but does not record offsetting deterioration in the value of the written credit derivative (either through reductions in fair value or by an addition to reserves) reflected in CM, the Reporting Bank shall not recognise the credit protection for the purpose of offsetting the effective notional amounts related to written credit derivatives.

<sup>29D</sup> For tranching products, the Reporting Bank shall ensure that the purchased credit protection is on a reference obligation with the same level of seniority.

<sup>29E</sup> For a written credit derivative not covered by a qualifying bilateral netting agreement, a Reporting Bank may set the add-on factor applied to compute the amount for potential future exposure to zero. For a written credit derivative which is covered by a qualifying bilateral netting agreement, a Reporting Bank may reduce  $A_{GROSS}$  by the individual add-on amounts for the portion of the written credit derivative whose notional amounts are included in the exposure measure in respect of the written credit derivative. The Reporting Bank shall not make any adjustments to NGR.

[MAS Notice 637 (Amendment No. 2) 2020]



## **Amendments to Part VII: Credit Risk**

### **Division 3: SA(CR)**

#### **Sub-division 3: Risk Weights**

##### **Amendment to paragraph 7.3.20**

###### MDB Asset Class

7.3.18 Subject to paragraphs 7.3.19 and 7.3.20 below, a Reporting Bank shall risk-weight any SA(CR) exposure in the MDB asset class in accordance with Table 7-4.

Table 7-4: Risk Weights for the MDB Asset Class

<b>Credit Quality Grade</b>	1	2	3	4	5	6	Unrated
<b>Risk Weight</b>	20%	50%	50%	100%	100%	150%	50%

7.3.19 A Reporting Bank shall apply a 0% risk weight to any SA(CR) exposure to a qualifying MDB.

7.3.20 A Reporting Bank shall apply a 0% risk weight to any SA(CR) exposure to the Bank for International Settlements, the International Monetary Fund, the European Central Bank, the European Union-Community, the European Stability Mechanism or the European Financial Stability Facility.

[MAS Notice 637 (Amendment) 2014]

[MAS Notice 637 (Amendment) 2021]

### **Division 6: Securitisation**

#### **Sub-division 2: Requirements for the Recognition of Risk Transference**

##### **Amendment to paragraph 7.6.5**

###### Requirements for Synthetic Securitisation

7.6.5 Subject to paragraphs 7.6.86 and ~~7.6.87~~ 7.6.88, a Reporting Bank which is an ABCP programme sponsor or originator in a synthetic securitisation may recognise the effects of CRM of the synthetic securitisation in its calculation of credit RWA only if –

- (a) all of the requirements in Section 2 of Annex 7AD of this Part have been complied with; and
- (b) the effects of CRM are obtained through eligible credit protection or eligible financial collateral, or both, in accordance with Annex 7F of this Part.

[MAS Notice 637 (Amendment) 2021]

7.6.6 A Reporting Bank meeting the conditions in paragraph 7.6.5 shall still hold regulatory capital against any securitisation exposures it retains.

## Sub-division 11: Treatment of Credit Risk Mitigation

### Amendments to paragraphs 7.6.87 to 7.6.89, 7.6.91, and 7.6.96 to 7.6.97

7.6.86 A Reporting Bank may recognise the effects of CRM of eligible financial collateral pledged by any SPE, but it shall not recognise any SPE which is an issuer of securitisation exposures as an eligible protection provider.

~~7.6.87 Subject to paragraph 7.6.88, a Reporting Bank shall treat a currency mismatch or a maturity mismatch<sup>196</sup> between the underlying exposure being hedged and the CRM obtained through the synthetic securitisation in accordance with Annex 7F of this Part. In the case where the exposures in the underlying pool have different maturities, the Reporting Bank shall use the longest maturity as the maturity of the pool.~~

~~[Deleted by MAS Notice 637 (Amendment) 2021]~~

~~7.6.88 A Reporting Bank which is an ABCP programme sponsor or originator in a synthetic securitisation shall not take into account maturity mismatches for the securitisation exposures it retains if a 1250% risk weight is applied to such securitisation exposures. A Reporting Bank that synthetically securitises exposures held on its balance sheet by purchasing tranchised credit protection shall treat currency mismatches and maturity mismatches<sup>196A</sup> between the synthetic securitisation and the underlying exposures in the following manner:~~

- ~~(a) for securitisation exposures that are assigned a risk weight of 1250%, currency mismatches and maturity mismatches are not taken into account;~~
- ~~(b) for all other securitisation exposures, the Reporting Bank shall treat a currency mismatch or a maturity mismatch between the underlying exposure being hedged and the CRM obtained through the synthetic securitisation in accordance with Annex 7F. In the case where the exposures in the underlying pool have different maturities, the Reporting Bank shall use the longest maturity of all the exposures in the underlying pool as the maturity of the pool.~~

~~[MAS Notice 637 (Amendment) 2021]~~

<sup>196</sup> ~~For example, maturity mismatches may arise when a Reporting Bank uses credit derivatives to transfer part or all of the credit risk of a specific pool of assets to third parties. When the credit derivatives unwind, the transaction terminates. This implies that the effective maturity of the tranches of the synthetic securitisation may differ from that of the underlying exposures.~~  
~~[Deleted by MAS Notice 637 (Amendment) 2021]~~

<sup>196A</sup> ~~For example, maturity mismatches may arise when a Reporting Bank uses credit derivatives to transfer part or all of the credit risk of a specific pool of assets to third parties. When the credit derivatives unwind, the transaction terminates. This implies that the effective maturity of the tranches of the synthetic securitisation may differ from that of the underlying exposures.~~

~~[MAS Notice 637 (Amendment) 2021]~~

#### Recognition of Eligible Financial Collateral under FC(SA)

7.6.89 A Reporting Bank which has taken eligible financial collateral for an SEC-ERBA or SEC-SA exposure and is using the FC(SA) may recognise the effects of CRM of the eligible financial collateral in the following manner –

- (a) break down the securitisation exposure into –
  - (i) a collateralised portion with E equal to the latest fair market value of the eligible financial collateral; and
  - (ii) an uncollateralised portion with E equal to the E of the securitisation exposure less the latest fair market value of the eligible financial collateral;
- (b) apply the risk weight that is applicable to the eligible financial collateral, to the collateralised portion calculated in accordance with sub-paragraph (a)(i) above to calculate the credit risk-weighted exposure amount of the collateralised portion as though the Reporting Bank had a direct exposure to the eligible financial collateral; and
- (c) apply the risk weight that is applicable to the securitisation exposure, calculated in accordance with ~~this Division paragraph 7.1.17~~, to the uncollateralised portion calculated in accordance with subparagraph (a)(ii) above to calculate the credit risk-weighted exposure amount of the uncollateralised portion.

[MAS Notice 637 (Amendment) 2021]

7.6.90 A Reporting Bank which is using FC(SA) shall not recognise the effects of CRM of any collateral with a maturity mismatch.

#### Treatment of Eligible Credit Protection Bought

7.6.91 ~~Subject to paragraph 7.6.92,~~ A Reporting Bank which has bought eligible credit protection for a securitisation exposure from an eligible protection provider may recognise the effects of CRM of the eligible credit protection in the following manner –

- (a) break down the securitisation exposure into –
  - (i) a protected portion with E or EAD equal to the notional amount of the eligible credit protection; and
  - (ii) an unprotected portion with E or EAD equal to the value of the securitisation exposure measured in accordance with Division 2 of this Part less the notional amount of the eligible credit protection;

- (b) apply the risk weight that is applicable to the eligible protection provider<sup>197</sup> to the protected portion calculated in accordance with sub-paragraph (a)(i) above to calculate the credit risk-weighted exposure amount of the protected portion; and
- (c) apply the risk weight, calculated in accordance with ~~this Division paragraph 7.1.17~~, that is applicable to the securitisation exposure to the unprotected portion calculated in accordance with sub-paragraph (a)(ii) above to calculate the credit risk-weighted exposure amount of the unprotected portion.

[MAS Notice 637 (Amendment) 2021]

~~7.6.92 A Reporting Bank shall use the sum of the credit risk-weighted exposure amounts of the protected and unprotected portions as the credit risk-weighted exposure amount of the securitisation exposure referred to in paragraph 7.1.8(b), subject to the maximum risk weights applicable for senior exposures, calculated in accordance with paragraphs 7.1.9 to 7.1.11.~~

~~[Deleted by MAS Notice 637 (Amendment) 2021]~~

7.6.93 A Reporting Bank shall apply a 1250% risk weight to exposures below any materiality threshold<sup>198</sup> below which no payment will be made by the protection provider in the event of loss on a securitisation exposure.

7.6.94 For the purposes of paragraph 7.6.91, a Reporting Bank shall apply the relevant provisions in Annex 7H for the purpose of determining the protected portion and capital requirement in cases of proportional cover, principal-only cover, partially eligible credit derivatives, tranching cover and basket credit derivatives.

7.6.95 For the purposes of paragraph 7.6.91, a Reporting Bank shall treat the protected portion of a securitisation exposure which has a currency mismatch or a maturity mismatch in accordance with Annex 7F of this Part. In the case where the underlying exposure in the protected portion of a securitisation has different maturities, the Reporting Bank shall use the longest maturity as the maturity of the protected portion.

#### Maturity Mismatches

~~7.6.96 When a Reporting Bank buys protection on securitised assets underlying a securitisation, maturity mismatches may arise in the context of synthetic securitisations<sup>198A</sup>. When the credit derivatives unwind, the securitisation will terminate.~~

<sup>197</sup> Where a Reporting Bank has bought from an eligible protection provider a credit default swap which is an eligible credit protection and cleared through a CCP, the Reporting Bank may apply a risk weight of 2% if the credit default swap constitutes a CCP trade exposure in accordance with paragraph 2.1 or 2.5 of Annex 7AJ, or 4% if the credit default swap constitutes a CCP trade exposure in accordance with paragraph 2.6 of Annex 7AJ.

<sup>198</sup> An exposure below such threshold is equivalent to a retained first loss position.

<sup>198A</sup> ~~For example, when the Reporting Bank uses credit derivatives to transfer part or all of the credit risk of a specific pool of assets to third parties.~~

~~[Deleted by MAS Notice 637 (Amendment) 2021]~~

~~This implies that the effective maturity of all the tranches of the synthetic securitisation may differ from that of the underlying exposures.~~

~~[Deleted by MAS Notice 637 (Amendment) 2021]~~

~~7.6.97 A Reporting Bank that synthetically securitises exposures held on its balance sheet by purchasing tranchised credit protection shall treat maturity mismatches between the synthetic securitisation and the underlying exposures in the following manner—~~

- ~~(a) for securitisation exposures that are assigned a risk weight of 1250%, maturity mismatches are not taken into account; and~~
- ~~(b) for all other securitisation exposures, the Reporting Bank shall determine its capital requirements as described in this Sub-division, after adjusting the value of credit protection for any maturity mismatches in accordance with Section 6 of Annex 7F.~~

~~[MAS Notice 637 (Amendment No. 2) 2020]~~

~~[Deleted by MAS Notice 637 (Amendment) 2021]~~

#### Treatment of Credit Protection Sold

7.6.98 Where a Reporting Bank provides full (or pro rata) unfunded credit protection to a securitisation exposure, the Reporting Bank shall calculate the credit risk-weighted exposure amount for the covered portion of the securitisation exposure as if it were directly holding that portion of the exposure. Where a Reporting Bank provides tranchised cover to a securitisation exposure, the Reporting Bank shall calculate the credit risk-weighted exposure amount for the covered portion of the securitisation exposure in accordance with paragraphs 1.4A-1.4F of Annex 7H.

7.6.99 Where a Reporting Bank provides funded credit protection to a securitisation exposure, the Reporting Bank shall calculate the credit risk-weighted exposure amount for the credit protection as the sum of –

- (a) the credit risk-weighted exposure amount for the covered securitisation exposure calculated in accordance with paragraph 7.6.98; and
- (b) the credit risk-weighted exposure amount for the exposure to the protection buyer calculated using the risk weight which is applicable to the protection buyer,

subject to the condition that the sum of the credit risk-weighted exposure amounts shall not exceed the credit risk-weighted exposure amount calculated by applying a risk weight of 1250% to the covered securitisation exposure.

**STANDARDISED APPROACH FOR COUNTERPARTY CREDIT RISK (SA-CCR)****Section 5: Transitional Arrangements****Amendments to paragraph 5.1**

5.1 This Annex shall not apply to a Reporting Bank for the period from 1 January 2017 to –

- (a) ~~the day set out in a notice in writing issued by the Authority informing all Reporting Banks to comply with this Annex~~31 December 2021 (both dates inclusive); or
- (b) one day before the day where the Reporting Bank has pursuant to paragraph 5.3 elected to comply with this Annex (both dates inclusive),

whichever occurs first.

[MAS Notice 637 (Amendment) 2021]

5.2 A Reporting Bank referred to in paragraph 5.1 shall continue to comply with Annex 70 of MAS 637, including all definitions used in Annex 70 which are set out in Part II of this Notice, in force immediately before 1 January 2017 during the period referred to in paragraph 5.1.

5.3 Notwithstanding paragraphs 5.1 and 5.2, a Reporting Bank may elect to comply with this Annex at any time before the expiry of the period referred to in paragraph 5.1. When a Reporting Bank elects to comply with this Annex, the Reporting Bank shall give the Authority notice in writing of the date from which the Reporting Bank elects to comply with this Annex (the “election date”), no less than 30 days before the election date and in that event, paragraph 5.1 shall not apply to the Reporting Bank from the election date.

5.4 For the avoidance of doubt, these transitional arrangements are intended to apply wherever Annex 70 is referenced in this Notice.

**REQUIREMENTS FOR EXCLUSION OF SECURITISED EXPOSURES FROM THE  
CALCULATION OF CREDIT RWA**

**Section 3: Securitisation Containing Clean-Up Calls**

**Amendment to paragraph 3.4**

3.4 Where a synthetic securitisation incorporates a call (other than a clean-up call) that effectively terminates the transaction and the purchased credit protection on a specific date, the Reporting Bank which is an originator of the synthetic securitisation shall treat the transaction in accordance with paragraph ~~s 7.6.87 and~~ 7.6.88.

[MAS Notice 637 (Amendment No. 2) 2017]

[MAS Notice 637 (Amendment) 2021]

## CRITERIA FOR SIMPLE, TRANSPARENT AND COMPARABLE (STC) SECURITISATIONS

### Section 1: Asset Risk

#### Amendment to footnote 386B of paragraph 1.7

<sup>386B</sup> A Reporting Bank may take reference from the IRB data requirements contained in paragraphs 1.4**B(b)** and 1.5**B(b)** of Annex 7AA to better define the term “appropriately long period of time”. These data requirements would apply irrespective of the credit risk approach used to determine capital requirements on the underlying pool.

[\[MAS Notice 637 \(Amendment\) 2021\]](#)



## EXPOSURES TO CENTRAL COUNTERPARTIES

## Section 4: Transitional Arrangements

Amendments to paragraph 4.1

4.1 This Annex shall not apply to a Reporting Bank for the period from 1 January 2017 to –

- (a) ~~the day set out in a notice in writing issued by the Authority informing all Reporting Banks to comply with this Annex~~31 December 2021 (both dates inclusive); or
- (b) one day before the day where the Reporting Bank has pursuant to paragraph 4.3 elected to comply with this Annex (both dates inclusive),

whichever occurs first.

[MAS Notice 637 (Amendment) 2016]  
[MAS Notice 637 (Amendment) 2021]

4.2 A Reporting Bank referred to in paragraph 4.1 of this Annex shall continue to comply with Annex 7AJ of MAS 637, including all definitions used in Annex 7AJ which are set out in Part II of this Notice, in force immediately before 1 January 2017 during the period referred to in paragraph 4.1 of this Annex.

[MAS Notice 637 (Amendment) 2016]

4.3 Notwithstanding paragraphs 4.1 and 4.2 of this Annex, a Reporting Bank may elect to comply with this Annex at any time before the expiry of the period referred to in paragraph 4.1 of this Annex. When a Reporting Bank elects to comply with this Annex, the Reporting Bank shall give the Authority notice in writing of the date from which the Reporting Bank elects to comply with this Annex (the "election date"), no less than 30 days before the election date and in that event, paragraph 4.1 shall not apply to the Reporting Bank from the election date.

[MAS Notice 637 (Amendment) 2016]

4.4 For the avoidance of doubt, these transitional arrangements are intended to apply wherever Annex 7AJ is referenced in this Notice.

[MAS Notice 637 (Amendment) 2016]

<sup>421</sup> [Deleted by MAS Notice 637 (Amendment) 2016]

<sup>421A</sup> [Deleted by MAS Notice 637 (Amendment) 2016]

<sup>422</sup> [Deleted by MAS Notice 637 (Amendment) 2016]

## **Amendments to Part XI: Public Disclosure Requirements**

### **Division 2: General Requirements**

#### **Sub-division 2: Frequency and Timing of Disclosures**

##### **Amendments to paragraph 11.2.3A**

11.2.3A Notwithstanding paragraph 11.2.3(a), ~~where the a~~-Reporting Bank ~~that has is~~ not ~~been notified designated~~ by the Authority ~~that it is as~~ a D-SIB and –

- (a) has not been notified by the Authority that it is an internationally active bank; or
- (b) is a subsidiary of a banking institution incorporated outside Singapore.

the Reporting Bank may make the disclosures required under Sub-divisions 2 to 7 and 10 to 13 of Division 3 of this Part, except for disclosure requirements set out in Table 11-1A, as follows:

- (i) where the frequency of disclosure for a disclosure requirement set out in Table 11-1 is on a quarterly basis, the Reporting Bank may make such disclosures on a semi-annual basis; and
- (ii) where the frequency of disclosure for a disclosure requirement set out in Table 11-1 is on a semi-annual basis, the Reporting Bank may make such disclosures on an annual basis.

[MAS Notice 637 (Amendment) 2019]

[MAS Notice 637 (Amendment) 2021]

### **Division 3: Specific Disclosure Requirements**

#### **Sub-division 2: Overview of key prudential metrics, risk management and RWA**

##### **Amendments to Table 11-3B**

Table 11-3B: Overview of RWA

Purpose	To provide an overview of total RWA and further breakdowns of RWA.
Scope of application	This table is mandatory for all Reporting Banks.
Content	RWA and capital requirements under Pillar 1.
Frequency	Quarterly

Format	Fixed
Accompanying narrative	A Reporting Bank shall supplement the table with a narrative commentary identifying and explaining the drivers behind differences in current and prior quarterly reporting periods, where such differences are significant. The Reporting Bank shall explain in the narrative commentary the adjustments made where minimum capital requirements in column (c) do not correspond to the RWA in column (a) multiplied by the minimum Total CAR requirement applicable to the Reporting Bank as defined in paragraph 4.1.4. If the Reporting Bank uses the IMM to calculate the credit risk-weighted exposure amount of its equity exposures, the Reporting Bank shall provide a description of the main characteristics of its internal model annually in the accompanying narrative.

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		As at end of current quarter	As at end of prior quarter	As at end of current quarter
1	Credit risk (excluding CCR)			
2	of which: Standardised Approach			
3	of which: F-IRBA			
4	of which: supervisory slotting approach			
5	of which: A-IRBA			
6	CCR			
7	of which: SA-CCR*			
8	of which: CCR internal models method			
9	of which: other CCR			
9a	of which: CCP			
10	CVA			
11	Equity exposures under the simple risk weight method			
11a	Equity exposures under the IMM			
12	Equity investments in funds – look through approach			
13	Equity investments in funds – mandate-based approach			
14	Equity investments in funds – fall back approach			
14a	Equity investment in funds – partial use of an approach			
15	Unsettled transactions			

16	Securitisation exposures in the banking book			
17	of which: SEC-IRBA			
18	of which: SEC-ERBA, including IAA			
19	of which: SEC-SA			
20	Market risk			
21	of which: SA(MR)			
22	of which: IMA			
23	Operational risk			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
25	Floor adjustment			
<b>26</b>	<b>Total</b>			

\* For reporting periods ending during the period referred to in paragraph 5.1 of Annex 7O, Depending on the approach used for Pillar 1, the Reporting Bank shall ~~choose~~ state either "SA-CCR" or "Current Exposure Method", whichever is applicable, as for the heading of row 7. The Reporting Bank shall state "SA-CCR" as the heading of row 7 for reporting periods ending after the expiry of the period referred to in paragraph 5.1 of Annex 7O.

[MAS Notice 637 (Amendment No. 3) 2017]

[MAS Notice 637 (Amendment) 2021]

## Sub-division 5: Counterparty credit risk

### Amendments to Table 11-23

Table 11-23: Analysis of CCR Exposure by Approach

Purpose	To provide a comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method.
Scope of application	This table is mandatory for all Reporting Banks.
Content	Regulatory exposures, RWA and parameters used for RWA calculations for all exposures subject to capital requirements for CCR (excluding capital requirements for exposures to CCPs included in the calculation of CCP RWA, and capital requirements for CVA risk).
Frequency	Semi-annually
Format	Fixed
Accompanying narrative	A Reporting Bank shall explain any significant changes over the semi-annual reporting period and the key drivers of such changes.

		(a)	(b)	(c)	(d)	(d.1)	(e)	(f)
		Replacement cost	Potential future exposure	Effective EPE	Fixed beta factor, $\beta$ used for computing regulatory EAD	$\alpha$ used for computing regulatory EAD	EAD (post-CRM)	RWA
1	SA-CCR* (for derivatives)				1.4			
2	CCR internal models method (for derivatives and SFTs)							
3	FC(SA) (for SFTs)							

		(a)	(b)	(c)	(d)	(d.1)	(e)	(f)
		Replacement cost	Potential future exposure	Effective EPE	Fixed beta factor, $\beta$ used for computing regulatory EAD	$\alpha$ used for computing regulatory EAD	EAD (post-CRM)	RWA
4	FC(CA) (for SFTs)							
5	VaR for SFTs							
<b>6</b>	<b>Total</b>							

\* For reporting periods ending during the period referred to in paragraph 5.1 of Annex 70, ~~Dep~~ depending on the approach used for Pillar 1, the Reporting Bank shall ~~choose-state~~ either “SA-CCR” or “Current Exposure Method”, whichever is applicable, for-as the heading of row 1. If the Reporting Bank states For “Current Exposure Method” as the heading of row 1, the Reporting Bank shall omit column (d) ~~shall be omitted~~ and rename column “(d.1)” ~~shall be renamed~~ as column “(d)”. The Reporting Bank shall state “SA-CCR” as the heading of row 1 for reporting periods ending after the expiry of the period referred to in paragraph 5.1 of Annex 70.

[MAS Notice 637 (Amendment) 2021]

## **Amendments to Part XII: Reporting Schedules**

### **Division 3: Transitional Arrangements**

#### **Amendment to paragraph 12.3.1**

12.3.1 Schedules 2-1A, 2-2A to 2-2G, 2-3A to 2-3H, 5B and 5F shall not apply to a Reporting Bank for the period from 1 January 2017 to –

- (a) ~~the day set out in a notice in writing issued by the Authority informing all Reporting Banks to comply with Annex 7O and Annex 7AJ~~ 31 December 2021 (both dates inclusive); or
- (b) one day before the day where the Reporting Bank has elected to comply with Annex 7O and Annex 7AJ (both dates inclusive),

whichever occurs first.

[MAS Notice 637 (Amendment) 2021]

12.3.2 A Reporting Bank referred to in paragraph 12.3.1 shall continue to comply with Schedules 2-1A, 2-2A to 2-2G, 2-3A to 2-3H, 5B and 5F of MAS 637, in force immediately before 1 January 2017 during the period referred to in paragraph 12.3.1.

12.3.3 Notwithstanding paragraphs 12.3.1 and 12.3.2, a Reporting Bank may elect to comply with Annex 7O and Annex 7AJ at any time before the expiry of the period referred to in paragraph 12.3.1. When a Reporting Bank elects to comply with Annex 7O and Annex 7AJ, the Reporting Bank shall give the Authority notice in writing of the date from which the Reporting Bank elects to comply with the said Annexes (the "election date") no less than 30 days before the election date and in that event, paragraph 12.3.1 shall not apply to the Reporting Bank from the election date.

[MAS Notice 637 (Amendment) 2016]