

## **Guidelines for Operation of Offshore Banks (last revised on 31 July 2008)**

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1. An offshore bank may transact any banking business with approved financial institutions.

2. An offshore bank may transact banking business with persons that are not approved financial institutions, subject to the following restrictions:

(a) If such persons are residents of Singapore-

(i) the bank shall not operate savings accounts or accept fixed deposits denominated in Singapore dollars;

(ii) [Deleted on 31 July 2008]

(iii) the bank may operate current accounts, but in respect of current accounts denominated in Singapore dollars, these shall only be offered-

(A) in connection with credit facilities granted to or other business dealings with the customer; or

(B) to a customer who has an existing banking relationship with the bank's head office or any overseas branch;

and provided always that if the customer is a natural person, the Singapore dollar current account shall not be interest-bearing; and

(iv) the aggregate amount outstanding from credit facilities denominated in Singapore dollars granted to residents of Singapore that are not approved financial institutions (but excluding credit facilities granted to the bank's employees) shall not exceed S\$500 million at any one time, except with the prior approval of MAS.

(b) If such persons are non-residents of Singapore-

(i) the bank shall not operate savings accounts denominated in Singapore dollars;

(ii) it may accept fixed deposits but in respect of Singapore dollar fixed deposits, the initial deposit shall not be less than S\$250,000 and the outstanding deposits (including interest) shall not be less than this sum at all times except on termination of the account or the withdrawal of all deposits standing to the credit of the depositor; and

(iii) [Deleted on 31 July 2008]

3. Subject to paragraph 4, an offshore bank may issue, in Singapore, bonds and negotiable certificates of deposit, provided that-

(a) the bonds or negotiable certificates of deposit are to be denominated in foreign currency; or

(b) where the bonds or negotiable certificates of deposit are denominated in Singapore dollars, they shall -

(i) have an original maturity period of not less than 12 months;

(ii) be issued in a denomination of not less than S\$200,000; or

(iii) be issued to sophisticated investors or their nominees.

4. Where paragraph 3(b)(iii) applies, and the bonds or negotiable certificates of deposit are issued in circumstances such that the offshore bank reasonably expects or foresees that the bonds or negotiable certificates of deposit (as the case may be) will not be held at all times by persons who are sophisticated investors, there shall be contained in any prospectus and any profile statement in respect of its issue or where such documents are not required in respect of its issue, an information memorandum to be issued, circulated or distributed in respect of its issue, the following additional information -

(a) a statement that the offshore bank, as issuer of the bonds or negotiable certificates of deposit, is subject to restrictions on the acceptance of deposits in Singapore dollars;

(b) a statement that the bond or negotiable certificate of deposit does not constitute or evidence a debt repayable by the bank on demand to the holder of the bond or negotiable certificate of deposit (as the case may be);

(c) a statement of the terms and conditions under which the holder of the bond or negotiable certificate deposit may recover the principal sum from the bank as issuer; and

(d) a statement that the value of the bond or negotiable certificate of deposit, if sold on the secondary market, is subject to market conditions prevailing at the time of the sale.

5. An offshore bank may enter into foreign exchange and currency swaps. However, an offshore bank shall not enter into any transaction or series of transactions (whether these be swaps or other types of financial instruments) that will enable it to receive, directly or indirectly, what is in effect a deposit of Singapore dollar funds, in deliberate circumvention of the restrictions otherwise set out in these Guidelines.

6. An offshore bank shall maintain only one place of business in Singapore.
7. These guidelines are subject to any additional requirements that may be imposed, including in particular, MAS Notices 619 and 757, and the Asian Currency Unit Terms and Conditions of Operation.
8. In these Guidelines, unless the context otherwise requires, the definitions set out in the Annex shall apply.

## **ANNEX**

### **LIST OF DEFINITIONS**

1. 'approved financial institution' means a bank, finance company, merchant bank, or insurer licensed, approved or registered in Singapore;

2. 'resident of Singapore' means--

(a) a person whose main centre of interests is in Singapore or whose main source of income is derived from Singapore or whose period of residence in Singapore exceeds one year;

(b) a person who has been granted permanent residency in Singapore;

(c) a company or other body whose permanent or registered address is in Singapore (including a branch or subsidiary located within Singapore of overseas-registered companies or foreign institutions);

(d) a member of the diplomatic, consular or military staff of a Singapore embassy, consulate, official mission or establishment of the Singapore armed forces, stationed outside Singapore; or

(e) an agent or agency located abroad acting on behalf of or for the account of a resident of Singapore.

'non-resident of Singapore' means any person who is not a resident of Singapore, and includes, for the avoidance of doubt --

(a) a person whose permanent or registered address is outside Singapore (including an overseas resident using a bank in Singapore or a Singapore address as an accommodation address, and a tourist, traveller or person exercising employment abroad or gaining his earnings from activities and investments abroad);

(b) a company or other body whose permanent or registered address is outside Singapore (including an overseas branch or subsidiary of Singapore-registered companies or institutions);

(c) a member of the diplomatic, consular or military staff of a foreign embassy, consulate, official mission or an establishment of a foreign armed forces, stationed in Singapore;

(d) an establishment of a foreign government or foreign public authority, stationed in Singapore; and

(e) an agent or agency located in Singapore not being a permanent establishment acting on behalf of or for the account of a non-resident of Singapore.

3 'sophisticated investor', in relation to a bank issuing bonds or negotiable certificates of deposit, means a person --

(a) in the case of an individual, whose net personal assets, at the time of the issue, exceeds in value S\$2 million (or its equivalent in foreign currency), or whose income in the 12 months preceding the issue, is not less than S\$300,000 (or its equivalent in foreign currency);

(b) in the case of a corporation, whose net assets exceeds in value S\$10 million (or its equivalent in foreign currency), as determined by the last audited balance sheet of the corporation; or

(c) who is an officer or close relative of an officer of the bank.