

FD 21/2-3 (2006/02)

23 October 2006

To All Non-Participating Banks and Finance Companies in MEPS+

Dear Sir or Madam

MEPS+ INFORMATION FOR NON-PARTICIPATING BANKS AND FINANCE COMPANIES

MEPS+ is the new generation SGD interbank payment system that will replace MEPS. The new system, which includes the New Current Account System (New CAS), is currently targeted to go live at the end of the year. The launch date will be confirmed in November. Although your institution is not a participant in MEPS+, there are certain changes which will impact your institution. The purpose of this circular is to inform you of these changes.

Member Codes and Current Account Numbers

2. Non-participants will be provided with a Current Account and an SGS Reserve Account in MEPS+. Your institution's funds and SGS holdings will be automatically migrated from MEPS to MEPS+ on cutover date. Information regarding your institution's agent bank and the account number with the agent bank will also be automatically migrated.

3. In MEPS, financial institutions are primarily identified by a 4-digit code. Under MEPS+, financial institutions will be primarily identified by a 8-character member code, which will be the SWIFT BIC of an institution's Singapore branch. If your institution does not have a SWIFT BIC, MAS will assign a non-SWIFT member code. This member code will also be used to identify your institution's SGS Reserve Account.

4. Apart from the member code, your institution will be assigned an 8-digit Current Account number to identify its Current Account with MAS. The 8-digit account number is essentially your institution's current 4-digit code with '0100' appended behind. For example, Bank XYZ's 4-digit code is '7222'. Hence, its 8-digit Current Account number in MEPS+ will be '72220100'.

5. When instructing your agent bank or MAS to make funds transfers to or from the CAS Account, please quote your institution's member code and Current Account number. When instructing your agent bank or MAS to make SGS transfers to or from the SGS Reserve Account, please quote the member code and the custody code 'RES' (for "Reserve").

6. We have sent a static data page to your institution at the beginning of this week for the verification of the SWIFT BIC or non-SWIFT member code, and other details for your institution. The verified data will be used to create the Member, Current Account, and SGS Reserve Account records for your institution in MEPS+ and New CAS.

Daily Current Account and SGS Reserve Account Statements

7. MEPS+ will send daily Current Account and SGS Reserve Account statements to non-participating banks and finance companies who have a positive balance or transactions during the day. Sample statements for both Current Account and SGS Reserve Account are attached for your information. These statements will be sent to your institution via MASNET. We will discontinue the current monthly SGS statement sent by MEPS.

Payment and SGS Instructions to MAS

8. From time to time, non-participating banks and finance companies may need to instruct MAS to transfer funds or SGS out of their accounts to a MEPS+ participant's accounts. The process and conditions for instructing MAS to make such transfers are found in the "CAS Terms & Conditions", "SGS Terms & Conditions", and the "Contingency and Operations Manual for MEPS+ Participants and Non-Participants". The CAS and SGS Terms & Conditions will be sent to your institution for execution. A copy of the contingency and operations manual is attached for your information.

9. Currently, non-participating banks and finance companies are given a free funds transfer and a free SGS transfer at the beginning of every maintenance period. Subsequent transfers executed by MAS are charged at the rate of \$50 (excluding GST). Under MEPS+ and New CAS, all funds and SGS transfers executed by MAS on behalf of non-participating banks and finance companies will be charged at the reduced rate of \$35 (excluding GST). These charges will be collected on the 7th of the following month. Please take note of this change and ensure that your institution's Current Account has sufficient funds to cover the charges and meet MCB requirements.

Instructing Agent Banks to Transfer Funds/SGS into Your Institution's Current Account and SGS Reserve Account

10. The process for instructing your agent banks to transfer funds or SGS into your institution's Current Account and SGS Reserve Account can be found in the "Contingency and Operations Manual for MEPS+ Participants and Non-Participants". The detailed process for agent banks to make such transfers into your institution's Current Account and SGS Reserve Account is also found in the same manual.

Top-up and Refund of MCB for Finance Companies

11. With MEPS+ and New CAS, finance companies are required to submit their Liabilities Base (LB) within one week of the end of the computation period. New CAS will process the LB and send MCB top-up letters through MASNET to finance companies that need to top up their Current Account before the next maintenance period. Finance companies are required to instruct their agent banks based on these letters to make the top-up payment to their Current Account, as New CAS will no longer automatically debit the agent banks' account. Failure to do so will result in an MCB shortfall and penalty interest charge. Excess MCB from the Current Account will be paid to the finance companies' agent bank on the first day of the new maintenance period. Please note that this transfer is subject to the charge described in para 9.

12. Information on MEPS+ can be found on MAS website <http://www.mas.gov.sg/masmcm/bin/pt1MEPSPlus.htm>.

13. If you have any queries regarding the above issues, please contact Mr Toh Kai Wee at kwtoh@mas.gov.sg or Mr Goh Chung Hwa at chunghwa@mas.gov.sg. Thank you.

Yours Faithfully,

<SENT VIA MASNET>
TAI BOON LEONG
EXECUTIVE DIRECTOR
FINANCE DEPARTMENT