



## **RESPONSE TO FEEDBACK RECEIVED – CONSULTATION ON DEPOSIT INSURANCE AND POLICY OWNERS’ PROTECTION SCHEMES BILL**

### **1 Introduction**

1.1 On 29 December 2010, the Monetary Authority of Singapore (“MAS”) conducted a public consultation on the draft legislative amendments to give effect to the changes to the Deposit Insurance and Policy Owners’ Protection Schemes, which were consulted upon in 2009 and 2010. We would like to thank all respondents for their comments.

1.2 We have carefully considered the feedback received, and where appropriate, will incorporate them into the revised legislation. Comments that are of wider interest, together with our responses, are set out below.

### **2 Deposit Insurance Scheme**

#### **2.1 Excluded Persons**

2.1.1 A respondent sought clarification on whether deposits placed by an overseas bank’s representative office in Singapore with a Scheme member would be insured.

#### **MAS’ Response**

2.1.2 The deposits of a representative office of an overseas bank will be treated as the deposits of a bank and excluded from DI coverage.

#### **2.2 Cash Collateral**

2.2.1 A Scheme member sought to confirm that cash collateral for credit facilities granted, where the funds are debited from the customer’s current account and placed in a pooled account not attributable or referable to any single customer, would not be insured.

## MAS' Response

2.2.2 While the scope of DI coverage under the revised Scheme will be expanded to include deposits that have been pledged by a customer to the Scheme member, funds that have been transferred to an account that are not attributable or referable to any single customer, would not be insured. Scheme members should ensure customers understand the implications of any transaction including collateral arrangements, on their DI coverage.

### 2.3 Deposits of Sole Proprietor/Sole Proprietorship(s)

2.3.1 A respondent asked whether DI protection is accorded first to the insured deposits held in the sole proprietors' own name, followed by the deposits held under the sole proprietorship's name.

## MAS' Response

2.3.2 Deposits of a sole proprietor and his sole proprietorship(s) will be aggregated in determining his DI compensation. As the sole proprietor and his sole proprietorship(s) are not treated as separate entities, the issue of protection priority does not arise.

### 2.4 Partnerships

2.4.1 A respondent asked whether deposits of partnerships need to be aggregated where they are set up by common partners, or have some partners in common. The respondent also sought clarification in the case of private limited companies which have the same shareholders or certain shareholders in common.

## MAS' Response

2.4.2 Each partnership or company will be treated as an insured depositor and insured separately, whether or not they have the same partners/shareholders or partners/shareholders in common.

### 2.5 Insured Status of Deposits

2.5.1 A respondent asked if the revised Scheme applies to deposits placed prior to the revision.

## MAS' Response

2.5.2 The changes to the scheme, including changes to DI coverage, will apply to deposits with a Scheme member from the effective date of the revised scheme, including deposits placed prior to the revision.

## 2.6 Computation of Insured Deposit Base for Merged Scheme Member

2.6.1 A Scheme member sought clarification on the computation of insured deposit base for premium assessment during the one-year transition period of a merger or acquisition situation.

## MAS' Response

2.6.2 The annual premium to be paid by a Scheme member will be assessed based on the insured deposit base of the Scheme member under the prescribed DI coverage limit i.e. the proposed \$50,000. No additional premium will be charged for the temporary coverage provided to the deposits affected by the merger or acquisition of Scheme members.

## 2.7 Disclosure of Register of Insured Deposits

2.7.1 A Scheme member asked if it would have met the disclosure requirement of maintaining a register of the types of deposit accounts insured if this is only made available on its website.

## MAS' Response

2.7.2 While MAS has no objection to a Scheme member maintaining its insured deposit register on its website, Scheme members should be able to make available a copy of the register to any customer at any time upon request.

## **3 Policy Owners' Protection Scheme**

3.1 There were no substantive comments on the legislation pertaining to the PPF Scheme.