Proposed Changes to Net Personal Asset Test in Unsecured Credit Rules
PREFACE

On 21 July 2014, MAS issued a consultation paper on “Proposals to Enhance Regulatory Safeguards for Investors in the Capital Markets”. One of the proposed changes is to modify the net personal assets eligibility test in the Securities and Futures Act (“SFA”) for Accredited Investors (“AIs”). As the net personal assets eligibility test is also used in the credit card and unsecured credit rules, MAS proposes to align the eligibility criteria with that proposed under the SFA. MAS also proposes legislative amendments on other refinements to the credit card and unsecured credit rules.

This consultation paper invites comments on the proposed changes and draft legislative amendments to MAS’ rules on credit cards and unsecured credit. Electronic submission is encouraged. Please submit your written comments by 12 September 2014 to:

Prudential Policy Department
Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117

Email: policy@mas.gov.sg

Please note that all submissions may be made public unless confidentiality is specifically requested.
1 Net Personal Assets Eligibility Test

1.1 Financial institutions (“FIs”) are currently exempted from a number of regulatory requirements when extending credit cards and unsecured credit to an individual with total net personal assets exceeding $2 million, or an annual income of at least $120,000. Specifically, under MAS’ credit card and unsecured credit rules, FIs have the discretion to—

(a) grant credit above the regulatory maximum credit limit\(^1\) to such an individual; and

(b) grant credit to such an individual, even if his unsecured debt aggregated across FIs exceed his annual income for 3 consecutive months.

1.2 Concurrent with the review of the AI eligibility criteria under the SFA (see consultation paper dated 21 July 2014 on “Proposals to Enhance Regulatory Safeguards for Investors in the Capital Markets”), MAS also considered if the total net personal assets test under the credit card and unsecured credit rules should similarly be aligned with that of the SFA, such that the net equity in an individual’s primary residence\(^2\) can only contribute up to $1 million of the minimum net assets threshold.

1.3 As an individual is likely less able to tap on the equity in his primary residence to pay off his debts, there is reason to ensure that the individual has substantial assets apart from his primary residence. We therefore propose that the $2 million net asset test in the credit card and unsecured credit rules be aligned with that of the SFA such that the net equity in primary residence contributes only up to $1 million of the minimum net assets threshold.

1.4 MAS proposes a 2 year transition period for FIs’ existing cardholders and unsecured credit borrowers after the revised net personal assets criteria takes effect. During the transition period, FIs will continue to have the

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\(^1\) In general, the regulatory credit limit is 2 months’ income for Singapore borrowers with annual incomes of less than $30,000 and 4 months’ income for Singapore borrowers with annual incomes of at least $30,000.

\(^2\) Defined as the estimated fair market value of an individual’s primary residence less any outstanding amounts in respect of any credit facility granted to the individual or any other person that is secured by that residence.
discretion described in paragraph 1.1, for existing customers. Thus, during the
transition period, an existing customer’s net equity in his primary residence
can contribute more than $1 million towards the minimum net assets
threshold of $2 million.

Q1: MAS seeks views on the proposed change to the net personal asset
eligibility test in credit card and unsecured credit rules and the transitional
arrangement (paragraphs 1.3 & 1.4).

2 Draft Legislative Amendments to Credit Card and Unsecured
Credit Rules

2.1 Proposed legislative changes to the Banking (Credit Card and Charge
Card) Regulations 2013, and MAS Notices 118, 635, 827 and 1109 are set out in
Annex A, to give effect to the above proposals and other refinements to the
credit card and unsecured credit rules.

2.2 MAS intends to effect the legislative changes in Q4 2014, save for the
changes relating to the net personal asset eligibility test, which will be aligned
to the date the related changes to the SFA take effect.

Q2: MAS seeks comments on the draft amendments to the Banking (Credit
Card and Charge Card) Regulations, and MAS Notices 118, 635, 827 and 1109
set out in Annex A.
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Definitions

2. In these Regulations, unless the context otherwise requires —

“guaranteed charge card” means a charge card, other than a charge card referred to in section 57G(b) of the Act, or a charge card issued under regulations 8(2)(a), (b)(i), or (ii), that is guaranteed by a guarantor;

“guaranteed credit card” means a credit card, other than a credit card referred to in section 57G(b) of the Act, or a credit card issued under regulations 8(2)(a), (b)(i) or (ii), that is guaranteed by a guarantor;

References in relation to credit cards or charge cards

3.—(1) For the purposes of these Regulations, a reference to a fully secured credit card or charge card is a reference to a credit card or charge card where —

(a) the card issuer of the credit card or charge card is a bank, merchant bank or finance company; an amount that is outstanding on the credit card or charge card and all supplementary cards as may have been issued under that card (save for any fees, interest and charges, including late payment charges, relating to the use of the principal card and all supplementary cards as may have been issued under that card, or the card, as the case may be) is secured by one or more deposits in the name of the principal cardholder, or the cardholder (if no supplementary credit card or supplementary charge card is issued) placed with any bank, merchant bank or finance company (“secured deposits”);

(b) the amount of any deposit or the total amount of deposits placed with the card issuer in the name of the principal cardholder, or the cardholder (if no supplementary credit card or supplementary charge card is issued) —

(i) is not less than $10,000 at the time of the application for the principal card or card, as the case may be; and

(ii) is not at any time during the period the cardholder holds the principal card or card, as the case may be, less than the higher of the following:
(A) $10,000;

(B) the amount (save for any fees, interest and charges, including late payment charges, relating to the use of the principal card and all supplementary cards as may have been issued under that card, or the card, as the case may be) that is outstanding on all such cards or card; and

(c) there is an agreement allowing for the set-off of the card issuer has taken all reasonable steps to ensure that the secured deposits cannot be withdrawn by the cardholder unless and until the amount that is outstanding on the principal card and all supplementary cards as may have been issued under that card, or the card, as the case may be, against the deposit or deposits is fully paid up.

(2) For the purposes of these Regulations, a reference to a partially secured credit card or charge card is a reference to a credit card or charge card where —

(a) the card issuer thereof is a bank, merchant bank or finance company amount that is outstanding on the credit card or charge card and all supplementary cards as may have been issued under that card (save for any fees, interest and charges, including late payment charges, relating to the use of the principal card and all supplementary cards as may have been issued under that card, or the card, as the case may be) is secured by secured deposits;

(b) the amount of any deposit or the total amount of deposits placed with the card issuer in the name of the principal cardholder, or the cardholder (if no supplementary credit card or charge card is issued) secured deposits —

(i) is not less than $10,000 at the time of the application for the principal card or card, as the case may be;

(ii) is not at any time during the period the cardholder holds the principal card or card, as the case may be, less than $10,000; and

(iii) may at any time during the period the cardholder holds the principal card or card, as the case may be, be less than the amount (save for any fees, interest and charges, including late payment charges, relating to the use of the principal card and all supplementary cards as may have been issued under that card, or the card, as the case may be) that is outstanding on such cards or card; and

(c) there is an agreement allowing for the set-off of the card issuer has taken all reasonable steps to ensure that the secured deposits cannot be withdrawn unless and until the amount that is outstanding on the principal card and all supplementary cards as may have been issued under that card, or the card, as the case may be, against the deposit or deposits is not more than the difference between the credit limit of the credit card or charge card and the amount of secured deposits.

[...]
References in relation to credit limits

5.—(1) For the purposes of these Regulations, a reference to the aggregate credit limit of an individual cardholder (other than a supplementary cardholder) with a card issuer is a reference to the aggregate of all of the following amounts:

(a) the sum of the credit limits of all credit cards issued to the individual cardholder by the card issuer and of all supplementary credit cards as may have been issued under all such credit cards;

(b) the sum of the credit limits of all charge cards issued to the individual cardholder by the card issuer and of all supplementary charge cards as may have been issued under all such charge cards;

(c) the sum of the credit limits of all fully unsecured non-card credit facilities granted to the individual cardholder by the card issuer;

(d) the sum of the credit limits of all partially secured non-card credit facilities granted to the individual cardholder by the card issuer.

(1A) For the purposes of these Regulations, a reference to the aggregate credit limit of a supplementary cardholder with a card issuer is a reference to the aggregate of all of the following amounts granted to a supplementary cardholder:

(a) the sum of the credit limits of all supplementary credit cards under the same principal cardholder issued to the supplementary cardholder by the card issuer; and

(b) the sum of the credit limits of all supplementary charge cards under the same principal cardholder issued to the supplementary cardholder by the card issuer.

References to amounts outstanding

6.—(1) For the purposes of these Regulations, a reference to the aggregate outstanding card amount of a Singapore cardholder with a card issuer is a reference to the aggregate of all of the following amounts:

(a) the sum of all amounts outstanding on —

(i) all credit cards and charge cards (other than guaranteed credit cards, guaranteed charge cards, corporate cards and business cards) issued to the Singapore cardholder by the card issuer or any of its affiliated corporations; and

(ii) all supplementary credit cards and supplementary charge cards issued under any credit card or charge card referred to in sub-paragraph (i); and

(b) where the Singapore cardholder is also a Singapore guarantor for one or more guaranteed credit cards or guaranteed charge cards issued by the card issuer or any of its affiliated corporations, the sum of all amounts outstanding on such
guaranteed credit cards and guaranteed charge cards, (other than corporate cards and business cards).

(2) For the purposes of these Regulations, a reference to the total outstanding unsecured amount of a Singapore cardholder with a card issuer is a reference to the aggregate of all of the following amounts:

(a) the sum of all amounts outstanding on —

(i) all fully unsecured or partially secured credit cards and charge cards (other than guaranteed credit cards, guaranteed charge cards, corporate cards and business cards) issued to the Singapore cardholder by the card issuer or any of its affiliated corporations;

(ii) all supplementary credit cards and supplementary charge cards issued under any credit card or charge card referred to in sub-paragraph (i);

(b) where the Singapore cardholder is also a Singapore guarantor for one or more fully unsecured or partially secured guaranteed credit cards or guaranteed charge cards issued by the card issuer or any of its affiliated corporations, the sum of all amounts outstanding on such guaranteed credit cards and guaranteed charge cards; (other than corporate cards and business cards);

(c) the sum of all amounts outstanding on all fully unsecured or partially secured non-card credit facilities (other than the loans referred to in paragraph (9)) granted to the Singapore cardholder by the card issuer or any of its affiliated corporations.

[…]

(9) The loans for the purposes of paragraphs (2)(c) and (8)(a) are loans for any of the following purposes:

[…]

(i) the repayment of any amount owing by the Singapore cardholder under a loan, which was granted for any of the purposes specified in sub-paragraphs (a) to (i) (“original loan”), where if the lender is not the same as the person who granted the original loan, the lender has taken reasonable steps to ensure that the proceeds of the loan are paid to the person who granted that original loan; and

(k) the repayment of any amount owing by the Singapore cardholder under a loan, which was granted for the purpose specified in sub-paragraph (j) (“original refinancing loan”), where if the lender is not the same as the person who granted the original refinancing loan, the lender has taken reasonable steps to ensure that the proceeds of the loan are paid to the person who granted that original refinancing loan.

[…]

MONETARY AUTHORITY OF SINGAPORE
Calculation of total net personal assets

6A For the purposes of these Regulations, in calculating whether the total net personal assets of a Singapore cardholder or Singapore guarantor (“Singapore person”), as the case may be, exceeds $2 million (or its equivalent in foreign currency)(“minimum amount”), the estimated fair market value of the Singapore person’s primary residence less any outstanding amounts in respect of any credit facility granted to the Singapore person or any other person that is secured by the residence (“net equity in primary residence”), shall not account for more than $1 million (or its equivalent in foreign currency) of the minimum amount.

 […]

Increase in credit limit

11.—(1) As from and including 1st June 2014, a card issuer shall not —

(a) increase a cardholder’s aggregate credit limit unless the cardholder has requested for the increase in a document signed by him; or

(b) in relation to a guaranteed credit card or guaranteed charge card, increase the credit limit for that guaranteed credit card or guaranteed charge card, unless the cardholder has requested for the increase in a document signed by him.

 […]

(6) Paragraph (1) shall not apply to any card issuer in relation to any increase in aggregate credit limit or increase in credit limit of a guaranteed credit card or guaranteed charge card for a supplementary cardholder where —

(a) the increase in aggregate credit limit or credit limit is requested by the principal cardholder in a document signed by him, for a purpose specified by the Authority in writing to the card issuer or as may be approved by the Authority upon application by the card issuer;

(b) such an increase is granted by the card issuer only for a reasonable period of time and for a reasonable amount, taking into account the purpose of the request for the increase; and

(c) the card issuer will not recover from the supplementary cardholder, even if the card issuer may have the contractual right to do so, such amounts as may be outstanding on the supplementary card, which exceed —

(i) where the supplementary card is issued before 1st June 2014 and the supplementary cardholder has not been granted an increase in aggregate credit limit on or after 1st June 2014, the credit limit or aggregate credit limit granted to the supplementary cardholder, prior to the increase referred to in paragraph (a); or

(ii) where the supplementary card is issued on or after 1st June 2014, or where the supplementary cardholder has been granted an increase in aggregate credit limit on or after 1st June 2014, the credit limit or aggregate credit limit granted in accordance with regulation 10(7) or 11(4), to the supplementary cardholder, prior to the increase referred to in paragraph (a).
Checks on income or total net personal assets

13.—(1) This regulation shall not apply to any cardholder who will only be issued, or only holds, credit cards or charge cards referred to in section 57G(b) of the Act, and to whom no fully unsecured or partially secured non-card credit facility has been granted, by the card issuer or any of its affiliated corporations.

(2) A card issuer shall obtain —

(a) prior to issuing a fully unsecured or partially secured credit card or charge card (other than a guaranteed credit card or guaranteed charge card) to an individual who has not already been issued any such credit card or charge card by the card issuer, the documents specified in Part I of the First Schedule and from 1 December 2014, such documents, subject to regulation 22, shall be dated not more than 3 months prior to the issuance of the card; and

(b) prior to increasing the aggregate credit limit granted to an individual who has already been issued a credit card or charge card referred to in subparagraph (a), the documents specified in Part II of the First Schedule, unless that are, subject to regulation 22, dated not more than 3 months prior to the increase in the aggregate credit limit, unless —

(i) the card issuer has already obtained such documents and, subject to regulation 22, such documents are dated not more than 3 months prior to the increase in the aggregate credit limit; or

(ii) the increase in the aggregate credit limit of the individual is fully secured.

(3) A card issuer shall, in relation to a guaranteed credit card or guaranteed charge card issued or to be issued to an individual, obtain —

(a) prior to issuing the credit card or charge card (other than a guaranteed credit card or guaranteed charge card referred to in regulation 10(2)) to the individual, the documents specified in Part III of the First Schedule and from 1 December 2014, such documents, subject to regulation 22, shall be dated not more than 3 months prior to the issuance of the card; and

(b) prior to increasing the credit limit of the credit card or charge card, the documents specified in Part IV of the First Schedule that are, subject to regulation 22, dated not more than 3 months prior to the increase in the credit limit, unless —

(i) the card issuer has already obtained such documents and, subject to regulation 22, such documents are dated not more than 3 months prior to the increase in the credit limit; or

(ii) the increase in the credit limit of the credit card or charge card is fully secured.

(4) Upon receiving any information from any person that calls into question the credit-worthiness of a cardholder of a fully unsecured or partially secured credit card
or charge card (other than a guaranteed credit card or guaranteed charge card), a card 
issuer shall request the cardholder to provide the documents specified in Part II of the 
First Schedule that are, subject to regulation 22, dated not more than 3 months prior to 
the date the information is received, unless —

(a) the card issuer has already obtained such documents and, subject to 
regulation 22, such documents are dated not more than 3 months prior to the 
date the information is received;

(b) the card issuer has ceased to permit or will not permit any further amounts 
(save for the amounts referred to in regulation 12(8)(a) and (b)(i)) to be 
charged to any credit card or charge card issued, or to be drawn down on any 
fully unsecured or partially secured non-card credit facility granted, by the 
card issuer to that cardholder, until the amounts outstanding on all the credit 
cards and charge cards issued, and fully unsecured or partially secured non-
card credit facilities granted, by the card issuer to that cardholder are paid in 
full; or

(c) the person providing the information refuses to identify himself to the card 
issuer, even after the card issuer undertakes to the person that his identity will 
be kept confidential to any extent required by the person.

(5) Upon receiving any information from any person that calls into question the 
credit-worthiness of a cardholder of a guaranteed credit card or guaranteed charge 
card, or a guarantor thereof, a card issuer shall request the guarantor to provide the 
documents specified in Part IV of the First Schedule that are, subject to regulation 22, 
dated not more than 3 months prior to the date the information is received, unless —

(a) the card issuer has already obtained such documents and, subject to 
regulation 22, such documents are dated not more than 3 months prior to the 
date the information is received;

(b) the card issuer has ceased to permit or will not permit any further amounts 
(save for the amounts referred to in regulation 12(8)(a) and (b)(ii)) to be 
charged to any credit card or charge card issued, or to be drawn down on any 
fully unsecured or partially secured non-card credit facility granted, by the 
card issuer to the cardholder and guaranteed by that guarantor, until the 
amounts outstanding on all the credit cards and charge cards issued, and fully 
unsecured or partially secured non-card credit facilities granted, by the card 
issuer to the same cardholder and guaranteed by that same guarantor are paid 
in full; or

(c) the person providing the information refuses to identify himself to the card 
issuer, even after the card issuer undertakes to the person that his identity will 
be kept confidential to any extent required by the person.

[…]

Cardholders who are 60 days or more past due

16.—(1) This regulation shall not apply —
(a) to a holder of a supplementary credit card or supplementary charge card in his capacity as a supplementary cardholder; or

(b) in relation to —

(i) any corporate card or business card; and

(ii) any loan to a sole proprietor or a partner of a partnership for a business purpose.

[...] Subject to regulations 14 and 17(2), a card issuer may permit an amount to be charged to any credit card or charge card it has issued to a Singapore cardholder referred to in paragraph (2) only where —

(a) the amounts outstanding on all credit cards and charge cards issued and fully unsecured and partially secured non-card credit facilities granted, to the Singapore cardholder by the card issuer are no longer past due;

(b) the card issuer obtains the documents specified in Part V of the First Schedule that are, subject to regulation 22, dated not more than 3 months prior to the date that the Singapore cardholder is permitted to resume charging amounts, (unless the card issuer has already obtained such documents and, subject to regulation 22, such documents are dated not more than 3 months prior to the date that the Singapore cardholder is permitted to resume charging amounts), for the purpose of assessing the credit-worthiness of the Singapore cardholder or the guarantor, as the case may be; and

(c) the card issuer conducts comprehensive checks in accordance with regulation 12(4) with one or more credit bureaus for the purpose of assessing —

(i) in the case of any credit card or charge card that is not a guaranteed credit card or guaranteed charge card, the credit-worthiness of the Singapore cardholder; or

(ii) in the case of guaranteed credit cards or guaranteed charge cards, the credit-worthiness of the Singapore cardholder and his guarantor,

unless such checks were conducted not more than one month prior to the date that the Singapore cardholder is permitted to resume charging amounts.

[...] Cardholders whose cumulative total outstanding unsecured amount exceeds their annual income for 3 consecutive months

17.—(1) This regulation shall not apply —

(a) to any Singapore cardholder who, in relation to a card issuer or any of its affiliated corporations —
(i) only holds credit cards or charge cards referred to in section 57G(b) of the Act that are issued by the card issuer or its affiliated corporations; and

(ii) has not been granted any fully unsecured or partially secured non-card credit facility (other than the fully unsecured or partially secured non-card credit facilities referred to in regulation 6(9)) by the card issuer or its affiliated corporations;

(b) in relation to any of the following:

(i) a fully secured credit card or charge card;

(ii) any corporate card or business card; or

(c) to a holder of a supplementary credit card or supplementary charge card in his capacity as a supplementary cardholder.

[...]

(2) Subject to regulations 14 and 16(2), a card issuer may permit an amount to be charged to any fully unsecured or partially secured credit card or charge card it has issued to the Singapore cardholder referred to in paragraph (2)(a) only where —

(a) the Singapore cardholder’s cumulative total outstanding unsecured amount is reduced to less than his annual income; and

(b) for the purpose of assessing the credit-worthiness of the Singapore cardholder, the card issuer —

(i) obtains documents that are, subject to regulation 22, dated not more than 3 months prior to the date that the Singapore cardholder is permitted to resume charging amounts to his credit card or charge card, to verify the annual income of the Singapore cardholder (unless the card issuer has already obtained such documents and, subject to regulation 22, such documents are dated not more than 3 months prior to the date that the Singapore cardholder is permitted to resume charging amounts to his credit card or charge card); and

(ii) conducts comprehensive checks in accordance with regulation 12(4) with one or more credit bureaus (unless such checks have already been conducted not more than one month prior to the date that the Singapore cardholder is permitted to resume charging amounts to his credit card or charge card).

[...]

Disclosure of finance and late payment charges, and information on amounts outstanding

18.—(1) A card issuer shall include, in a clear and conspicuous manner, the following information in its credit card or charge card bill issued to a cardholder:

(a) any finance charge or late payment charge which is or will be imposed by the card issuer and the method of computing such charges;
(b) any other penalty or consequence for late payment which is or will be imposed by the card issuer; and

(c) a notice advising prompt settlement of the amount outstanding under the credit card or charge card bill.

[...] (7) Any card issuer which fails to comply with paragraph (1), (3), (4)(a), (b)(i) or (6)(a) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $25,000.

(8) This regulation shall not apply to a supplementary cardholder if the card issuer complies or has complied with this regulation in respect of the principal cardholder.

PART IV

MISCELLANEOUS

[...]

Verifying annual income of cardholder or guarantor with no fixed monthly income

22. For the purposes of regulations 13(2)(b)(i), (3)(b)(i), (4)(a) and (5)(a) and 16(4)(b), read with the First Schedule, and 17(6)(b)(i), in verifying the annual income of a cardholder or guarantor, as the case may be, who does not have a fixed monthly income, a card issuer may rely on the most recent Notice of Assessment from IRAS pertaining to the cardholder or guarantor, as the case may be, even if such Notice is dated more than 3 months prior to the relevant event or date specified in regulation 13(2)(b)(i), (3)(b)(i), (4)(a) or (5)(a), 16(4)(b) or 17(6)(b)(i), as the case may be.

Increases granted for a reasonable period of time

22A. —(1) Regulations 12(1)(b), 13(2)(b), 14(2), 16(2), (6)(b), and 17(2) shall not apply in cases where —

(a) an increase in aggregate outstanding card amount, total outstanding unsecured amount, cumulative total outstanding unsecured amount or aggregate credit limit is permitted by the card issuer only for a reasonable period of time and for a reasonable amount, taking into account the purpose of the request for the increase; and

(b) such an increase is requested by the principal cardholder, in a document signed by him, for a purpose specified by the Authority in writing to the card issuer or as may be approved by the Authority upon application by the card issuer.

Transitional provision

[...]
23A. Where before [date revised regulation 6A takes effect] ("effective date") a card issuer has issued any fully unsecured or partially secured credit card or charge card on the basis that the Singapore cardholder has total net personal assets that exceed $2 million (or its equivalent in foreign currency), the card issuer need not comply with regulations 14(2) and (3), and 17(2) for a period of 2 years from the effective date in respect of that Singapore cardholder, if the Singapore cardholder would not have total net personal assets that exceed $2 million after the effective date unless an amount exceeding $1 million (or its equivalent in a foreign currency) being the net equity in his primary residence is included as part of his total net personal assets.

[...]
MAS Notice 118

29 November 2013*

Last revised on [date]

NOTICE TO DIRECT INSURERS

INSURANCE ACT, CAP 142

UNSECURED CREDIT FACILITIES TO INDIVIDUALS

[...]

Definitions

[...]

5 The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the Act and the Regulations, including regulations 3 to 6A of the Regulations, save that references to “card issuer” in the various definitions and regulations 3 to 6 of the Regulations shall read as “direct insurer”, and references to “cardholder” and “principal cardholder” shall read as “borrower”.

[...]

Excluded credit facilities

7(1) For the purposes of paragraphs 8 and 9, an unsecured non-card credit facility shall not include a loan for any of the following purposes:

[...]

(j) the repayment of any amount owing by the borrower under a loan, which was granted for any of the purposes specified in sub-paragraphs (a) to (i) (“original loan”), where if the lender is not the same as the person who granted the original loan, the lender has taken reasonable steps to ensure that the proceeds of the loan are paid to the person who granted that original loan; and

(k) the repayment of any amount owing by the borrower under a loan, which was granted for the purpose specified in sub-paragraph (j) (“original refinancing loan”), where if the lender is not the same as the person who granted the original refinancing loan, the lender has taken
reasonable steps to ensure that the proceeds of the loan are paid to the person who granted that original refinancing loan.

[...]

**New unsecured non-card credit facility**

10(1) A direct insurer shall not grant any unsecured non-card credit facility to an individual unless the individual has requested for it in a document signed by him.

[...]

(5) For the purposes of paragraphs (1), 12(1)(a), and 16(5)(a), the grant of any unsecured non-card credit facility means —

(a) the sending or giving of any article to an individual, the production of which allows access to, or drawdown on, any unsecured non-card credit facilities, whether or not the article is valid for immediate use, e.g. a cheque book; or

(b) allowing drawdown on any unsecured non-card credit facilities,

but excludes —

(i) the sending or giving of an article satisfying the criteria in subparagraph (a) by a direct insurer to an individual on any unsecured non-card credit facilities which have been previously granted; or

(ii) the drawdown on any unsecured non-card credit facilities which have been previously granted.

[...]
paragraph 21, shall be dated not more than 3 months prior to the granting of the unsecured non-card credit facility; and

(b) prior to increasing the aggregate credit limit granted to an individual who has already been granted an unsecured non-card credit facility, the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the increase in the aggregate credit limit, unless —

(i) the direct insurer has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the increase in the aggregate credit limit; or

(ii) the increase in the aggregate credit limit of the individual is fully secured.

(2) Upon receiving any information from any person that calls into question the credit-worthiness of a borrower of an unsecured non-card credit facility, a direct insurer shall request the borrower to provide the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the date the information is received, unless —

(a) the direct insurer has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date the information is received;

(b) the direct insurer has ceased to permit or will not permit any further amounts (save for the amounts referred to in paragraph 12(5)) to be charged to any credit card or charge card issued, or to be drawn down on any unsecured non-card credit facility granted, by the direct insurer to that borrower until the amounts outstanding on all the credit cards and charge cards issued, and unsecured non-card credit facilities granted, by the direct insurer to that borrower are paid in full; or

(c) the person providing the information refuses to identify himself to the direct insurer, even after the direct insurer undertakes to the person that his identity will be kept confidential to any extent required by the person.

[...]

**Borrowers who are 60 days or more past due**

16(1) This paragraph shall not apply in relation to any loan to a sole proprietor or a partner of a partnership, for a business purpose.

[...]

(4) Subject to paragraphs 14 and 17(1), a direct insurer may permit an amount to be drawn down on any unsecured non-card credit facility it has granted to a Singapore borrower referred to in sub-paragraph (2) only where —
the amounts outstanding on all credit cards and charge cards issued and unsecured non-card credit facilities granted to the Singapore borrower by the direct insurer are no longer past due;

(b) the direct insurer obtains the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down amounts, (unless the direct insurer has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down amounts), for the purpose of assessing the credit-worthiness of the Singapore borrower; and

(c) the direct insurer conducts or causes to be conducted comprehensive checks in accordance with paragraph 12(2) with one or more credit bureaus for the purpose of assessing the credit-worthiness of the Singapore borrower unless such checks were conducted not more than one month prior to the date that the Singapore borrower is permitted to resume drawing down amounts.

Borrowers whose cumulative total outstanding unsecured amount exceeds their annual income for 3 consecutive months

17(1) Subject to sub-paragraphs (3) and (4), a direct insurer shall not, on or after 1 June 2015 —

(a) permit any amounts (save for any fees, interest and charges (including late payment charges) relating to the use of the unsecured non-card credit facility) to be drawn down on any unsecured non-card credit facility granted by the direct insurer to a Singapore borrower whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months, until the requirements specified in sub-paragraph (5) are fulfilled;

(b) grant any unsecured non-card credit facility to an individual who is a citizen of Singapore or a permanent resident whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months; or

(c) increase the aggregate credit limit granted to a Singapore borrower whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months.

(5) Subject to paragraphs 14 and 16(2), a direct insurer may permit an amount to be drawn down on any unsecured non-card credit facility it has granted to the Singapore borrower referred to in sub-paragraph (1)(a) only where —

(a) the Singapore borrower’s cumulative total outstanding unsecured amount is reduced to less than his annual income; and
(b) for the purpose of assessing the credit-worthiness of the Singapore borrower, the direct insurer —

(i) obtains documents that are, subject to paragraph 21, dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities, to verify the annual income of the Singapore borrower (unless the direct insurer has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities); and

(ii) conducts or causes to be conducted comprehensive checks in accordance with paragraph 12(2) with one or more credit bureaus (unless such checks have already been conducted not more than one month prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities).

[...]

Verifying annual income of borrower with no fixed monthly income

21 For the purposes of paragraphs 13(1)(b)(i) and (2)(a) and 16(4)(b), read with Appendix 2, and 17(5)(b)(i), in verifying the annual income of a borrower who does not have a fixed monthly income, a direct insurer may rely on the most recent Notice of Assessment from IRAS pertaining to the borrower, even if such Notice is dated more than 3 months prior to the relevant event or date specified in paragraphs 13(1)(b)(i) or (2)(a), 16(4)(b) or 17(5)(b)(i), as the case may be.

[...]

Transitional provision

[...]

24 Where before [date regulation 6A of the revised Regulations takes effect]("effective date") a direct insurer has granted a Singapore borrower any unsecured non-card credit facility on the basis that the Singapore borrower has total net personal assets that exceed $2 million (or its equivalent in foreign currency), the direct insurer need not comply with paragraphs 14(1) and 17(1) for a period of 2 years from the effective date in respect of that Singapore borrower, if the Singapore borrower would not have total net personal assets that exceed $2 million after the effective date unless an amount exceeding $1 million (or its equivalent in a foreign currency) being the net equity in his primary residence is included as part of his total net personal assets.
* Endnotes on History of Amendments

(1) MAS Notice 118 dated 3 April 2003 is cancelled with effect from 1 March 2009.
(2) MAS Notice 118 dated 25 February 2009 with effect from 1 March 2009.
(3) MAS Notice 118 dated 25 February 2009 is cancelled with effect from 1 December 2013.
(4) MAS Notice 118 (Amendment) 2014 with effect from [date].
Appendix 1

**Consequences if marriage certificate is not provided pursuant to paragraph 7(1)(f)(iii)(B)**

<table>
<thead>
<tr>
<th>S/No.</th>
<th>If the borrower has:</th>
<th>Criteria to be satisfied if marriage certificate is not provided not more than 3 months after first disbursement</th>
<th>Measures to be taken if no criterion is satisfied</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>An annual income of</td>
<td></td>
<td>Disallow:</td>
</tr>
<tr>
<td>1.</td>
<td>&lt;$20,000</td>
<td>≤$2 million</td>
<td>(i) further drawdown on the renovation loan granted jointly to the Singapore borrower and his fiancé or fiancée; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(ii) any amount to be drawn down on any unsecured non-card credit facility, or charged to any fully unsecured or partially secured credit card or charge card issued to the Singapore borrower, until at least one of criteria A, B and C is satisfied.</td>
</tr>
<tr>
<td>2.</td>
<td>&lt;$20,000</td>
<td>&gt;$2 million</td>
<td>A, B or C</td>
</tr>
<tr>
<td>3.</td>
<td>≥$20,000, &lt;$120,000</td>
<td>≤$2 million</td>
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[...]
Definition

5 The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the Act and the Regulations, including regulations 3 to 6A of the Regulations, save that references to “card issuer” in the various definitions and regulations 3 to 6 of the Regulations shall read as “bank in Singapore”, and references to “cardholder” and “principal cardholder” shall read as “borrower”.

Excluded credit facilities

7(1) For the purposes of paragraphs 8 and 9, an unsecured non-card credit facility shall not include a loan for any of the following purposes:

(j) the repayment of any amount owing by the borrower under a loan, which was granted for any of the purposes specified in sub-paragraphs (a) to (j) (“original loan”), where if the lender is not the same as the person who granted the original loan, the lender has taken reasonable steps to ensure that the proceeds of the loan are paid to the person who granted that original loan; and

(k) the repayment of any amount owing by the borrower under a loan, which was granted for the purpose specified in sub-paragraph (j) (“original refinancing loan”), where if the lender is not the same as the person who granted the original refinancing loan, the lender has taken
reasonable steps to ensure that the proceeds of the loan are paid to
the person who granted that original refinancing loan.

New unsecured non-card credit facility

10(1) A bank in Singapore shall not grant any unsecured non-card credit facility to
an individual unless the individual has requested for it in a document signed by him.

(5) For the purposes of paragraphs (1), 12(1)(a), and 16(5)(a), the grant of any
unsecured non-card credit facility means —

(a) the sending or giving of any article to an individual, the production of
which allows access to, or drawdown on, any unsecured non-card
credit facilities, whether or not the article is valid for immediate use,
e.g. a cheque book; or

(b) allowing drawdown on any unsecured non-card credit facilities,
but excludes —

(i) the sending or giving of an article satisfying the criteria in
subparagraph (a) by a bank in Singapore to an individual on any
unsecured non-card credit facilities which have been previously
granted; or

(ii) the drawdown on any unsecured non-card credit facilities which have
been previously granted.

Credit checks with credit bureau

12(1) A bank in Singapore shall conduct comprehensive checks with one or more
credit bureaus for the purpose of assessing the credit-worthiness of —

(a) an individual, prior to issuing granting an unsecured non-card credit
facility to that individual;

Checks on income or total net personal assets

13(1) A bank in Singapore shall obtain —

(a) prior to granting an unsecured non-card credit facility to an individual,
who has not already been granted any unsecured non-card credit
facility by the bank in Singapore, documents to verify the annual
income of the individual, and from 1 December 2014, such documents,
subject to paragraph 21, shall be dated not more than 3 months prior
to the granting of the unsecured non-card credit facility; and
(b) prior to increasing the aggregate credit limit granted to an individual who has already been granted an unsecured non-card credit facility, the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the increase in the aggregate credit limit, unless —

(i) the bank in Singapore has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the increase in the aggregate credit limit; or

(ii) the increase in the aggregate credit limit of the individual is fully secured.

(2) Upon receiving any information from any person that calls into question the credit-worthiness of a borrower of an unsecured non-card credit facility, a bank in Singapore shall request the borrower to provide the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the date the information is received, unless —

(a) the bank in Singapore has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date the information is received;

(b) the bank in Singapore has ceased to permit or will not permit any further amounts (save for the amounts referred to in paragraph 12(5)) to be charged to any credit card or charge card issued, or to be drawn down on any unsecured non-card credit facility granted, by the bank in Singapore to that borrower until the amounts outstanding on all the credit cards and charge cards issued, and unsecured non-card credit facilities granted, by the bank in Singapore to that borrower are paid in full; or

(c) the person providing the information refuses to identify himself to the bank in Singapore, even after the bank in Singapore undertakes to the person that his identity will be kept confidential to any extent required by the person.

[...]

Borrowers who are 60 days or more past due

16(1) This paragraph shall not apply in relation to any loan to a sole proprietor or a partner of a partnership, for a business purpose.

[...]

(4) Subject to paragraphs 14 and 17(1), a bank in Singapore may permit an amount to be drawn down on any unsecured non-card credit facility it has granted to a Singapore borrower referred to in sub-paragraph (2) only where —
(a) the amounts outstanding on all credit cards and charge cards issued and unsecured non-card credit facilities granted to the Singapore borrower by the bank in Singapore are no longer past due;

(b) the bank in Singapore obtains the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down amounts, (unless the bank in Singapore has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down amounts), for the purpose of assessing the credit-worthiness of the Singapore borrower; and

(c) the bank in Singapore conducts comprehensive checks in accordance with paragraph 12(2) with one or more credit bureaus for the purpose of assessing the credit-worthiness of the Singapore borrower unless such checks were conducted not more than one month prior to the date that the Singapore borrower is permitted to resume drawing down amounts.

[...]

**Borrowers whose cumulative total outstanding unsecured amount exceeds their annual income for 3 consecutive months**

17(1) Subject to sub-paragraphs (3) and (4), a bank in Singapore shall not, on or after 1 June 2015 —

(a) permit any amounts (save for any fees, interest and charges (including late payment charges) relating to the use of the unsecured non-card credit facility) to be drawn down on any unsecured non-card credit facility granted by the bank in Singapore to a Singapore borrower whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months, until the requirements specified in sub-paragraph (5) are fulfilled;

(b) grant any unsecured non-card credit facility to an individual who is a citizen of Singapore or a permanent resident whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months; or

(c) increase the aggregate credit limit granted to a Singapore borrower whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months.

[...]

(5) Subject to paragraphs 14 and 16(2), a bank in Singapore may permit an amount to be drawn down on any unsecured non-card credit facility it has granted to the Singapore borrower referred to in sub-paragraph (1)(a) only where —
(a) the Singapore borrower’s cumulative total outstanding unsecured amount is reduced to less than his annual income; and

(b) for the purpose of assessing the credit-worthiness of the Singapore borrower, the bank in Singapore —

(i) obtains documents that are, subject to paragraph 21, dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities, to verify the annual income of the Singapore borrower (unless the bank in Singapore has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities); and

(ii) conducts comprehensive checks in accordance with paragraph 12(2) with one or more credit bureaus (unless such checks have already been conducted not more than one month prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities).

[...]  

Verifying annual income of borrower with no fixed monthly income

21 For the purposes of paragraphs 13(1)(b)(i) and (2)(a) and 16(4)(b), read with Appendix 2, and 17(5)(b)(i), in verifying the annual income of a borrower who does not have a fixed monthly income, a bank in Singapore may rely on the most recent Notice of Assessment from IRAS pertaining to the borrower, even if such Notice is dated more than 3 months prior to the relevant event or date specified in paragraphs 13(1)(b)(i) or (2)(a), 16(4)(b) or 17(5)(b)(i), as the case may be.

Transitional provision

[...]  

23 Where before [date regulation 6A of the revised Regulations takes effect] ("effective date") a bank in Singapore has granted a Singapore borrower any unsecured non-card credit facility on the basis that the Singapore borrower has total net personal assets that exceed $2 million (or its equivalent in foreign currency), the bank in Singapore need not comply with paragraphs 14(1) and 17(1) for a period of 2 years from the effective date in respect of that Singapore borrower, if the Singapore borrower would not have total net personal assets that exceed $2 million after the effective date unless an amount exceeding $1 million (or its equivalent in a foreign currency) being the net equity in his primary residence is included as part of his total net personal assets.
* Endnotes on History of Amendments

(1) MAS Notice 635 dated 25 February 2009 with effect from 1 March 2009.

(2) MAS Notice 635 dated 25 February 2009 is cancelled with effect from 1 December 2013.

(3) MAS Notice 635 (Amendment) 2014 with effect from [date].
### Consequences if marriage certificate is not provided pursuant to paragraph 7(1)(f)(iii)(B)

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<td>Disallow: (i) further drawdown on the renovation loan granted jointly to the Singapore borrower and his fiancé or fiancée; and (ii) any amount to be drawn down on any unsecured non-card credit facility, or charged to any fully unsecured or partially secured credit card or charge card issued to the Singapore borrower, until at least one of criteria A, B and C is satisfied.</td>
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**PROPOSED CHANGES TO NET PERSONAL ASSET TEST IN UNSECURED CREDIT RULES**

12 AUGUST 2014

**Appendix 1**

**Consequences if marriage certificate is not provided pursuant to paragraph 7(1)(f)(iii)(B)**

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[...]

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**MONETARY AUTHORITY OF SINGAPORE**

28
MAS Notice 827

29 November 2013*

NOTICE TO FINANCE COMPANIES
FINANCE COMPANIES ACT, CAP 108

UNSECURED CREDIT FACILITIES TO INDIVIDUALS

[...]

Definitions

[...]

5 The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the Act and the Regulations, including regulations 3 to 6A of the Regulations, save that references to “card issuer” in the various definitions and regulations 3 to 6 of the Regulations shall read as “finance company”, and references to “cardholder” and “principal cardholder” shall read as “borrower”.

[...]

Excluded credit facilities

7(1) For the purposes of paragraphs 8 and 9, an unsecured non-card credit facility shall not include a loan for any of the following purposes:

[...]

(i) the repayment of any amount owing by the borrower under a loan, which was granted for any of the purposes specified in sub-paragraphs (a) to (h) (“original loan”), where if the lender is not the same as the person who granted the original loan, the lender has taken reasonable steps to ensure that the proceeds of the loan are paid to the person who granted that original loan; and

(ii) the repayment of any amount owing by the borrower under a loan, which was granted for the purpose specified in sub-paragraph (i) (“original refinancing loan”), where if the lender is not the same as the person who granted the original refinancing loan, the lender has taken
reasonable steps to ensure that the proceeds of the loan are paid to
the person who granted that original refinancing loan.

New unsecured non-card credit facility

10(1) A finance company shall not grant any unsecured non-card credit facility to an
individual unless the individual has requested for it in a document signed by him.

(5) For the purposes of paragraphs (1), 12(1)(a), and 16(5)(a), the grant of any
unsecured non-card credit facility means —

(a) the sending or giving of any article to an individual, the production of
which allows access to, or drawdown on, any unsecured non-card
credit facilities, whether or not the article is valid for immediate use,
e.g. a cheque book; or

(b) allowing drawdown on any unsecured non-card credit facilities,
but excludes —

(i) the sending or giving of an article satisfying the criteria in
subparagraph (a) by a finance company to an individual on any
unsecured non-card credit facilities which have been previously
granted; or

(ii) the drawdown on any unsecured non-card credit facilities which have
been previously granted.

Credit checks with credit bureau

12(1) A finance company shall conduct comprehensive checks with one or more
credit bureaus for the purpose of assessing the credit-worthiness of —

(a) an individual, prior to issuing granting an unsecured non-card credit
facility to that individual;

Checks on income or total net personal assets

13(1) A finance company shall obtain —

(a) prior to granting an unsecured non-card credit facility to an individual,
who has not already been granted any unsecured non-card credit
facility by the finance company, documents to verify the annual income
of the individual, and from 1 December 2014, such documents, subject
to paragraph 21, shall be dated not more than 3 months prior to the
granting of the unsecured non-card credit facility; and
(b) prior to increasing the aggregate credit limit granted to an individual who has already been granted an unsecured non-card credit facility, the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the increase in the aggregate credit limit, unless —

(i) the finance company has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the increase in the aggregate credit limit; or

(ii) the increase in the aggregate credit limit of the individual is fully secured.

(2) Upon receiving any information from any person that calls into question the credit-worthiness of a borrower of an unsecured non-card credit facility, a finance company shall request the borrower to provide the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the date the information is received, unless —

(a) the finance company has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date the information is received;

(b) the finance company has ceased to permit or will not permit any further amounts (save for the amounts referred to in paragraph 12(5)) to be charged to any credit card or charge card issued, or to be drawn down on any unsecured non-card credit facility granted, by the finance company to that borrower until the amounts outstanding on all the credit cards and charge cards issued, and unsecured non-card credit facilities granted, by the finance company to that borrower are paid in full; or

(c) the person providing the information refuses to identify himself to the finance company, even after the finance company undertakes to the person that his identity will be kept confidential to any extent required by the person.

[...]

**Borrowers who are 60 days or more past due**

16(1) This paragraph shall not apply in relation to any loan to a sole proprietor or a partner of a partnership, for a business purpose.

[...]

(4) Subject to paragraphs 14 and 17(1), a finance company may permit an amount to be drawn down on any unsecured non-card credit facility it has granted to a Singapore borrower referred to in sub-paragraph (2) only where —
(a) the amounts outstanding on all credit cards and charge cards issued and unsecured non-card credit facilities granted to the Singapore borrower by the finance company are no longer past due;

(b) the finance company obtains the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down amounts, (unless the finance company has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down amounts), for the purpose of assessing the credit-worthiness of the Singapore borrower; and

(c) the finance company conducts comprehensive checks in accordance with paragraph 12(2) with one or more credit bureaus for the purpose of assessing the credit-worthiness of the Singapore borrower unless such checks were conducted not more than one month prior to the date that the Singapore borrower is permitted to resume drawing down amounts.

Borrowers whose cumulative total outstanding unsecured amount exceeds their annual income for 3 consecutive months

17(1) Subject to sub-paragraphs (3) and (4), a finance company shall not, on or after 1 June 2015 —

(a) permit any amounts (save for any fees, interest and charges (including late payment charges) relating to the use of the unsecured non-card credit facility) to be drawn down on any unsecured non-card credit facility granted by the finance company to a Singapore borrower whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months, until the requirements specified in sub-paragraph (5) are fulfilled;

(b) grant any unsecured non-card credit facility to an individual who is a citizen of Singapore or a permanent resident whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months; or

(c) increase the aggregate credit limit granted to a Singapore borrower whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months.

[...]

(5) Subject to paragraphs 14 and 16(2), a finance company may permit an amount to be drawn down on any unsecured non-card credit facility it has granted to the Singapore borrower referred to in sub-paragraph (1)(a) only where —

(a) the Singapore borrower’s cumulative total outstanding unsecured amount is reduced to less than his annual income; and
(b) for the purpose of assessing the credit-worthiness of the Singapore borrower, the finance company —

(i) obtains documents that are, subject to paragraph 21, dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities, to verify the annual income of the Singapore borrower (unless the finance company has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities); and

(ii) conducts comprehensive checks in accordance with paragraph 12(2) with one or more credit bureaus (unless such checks have already been conducted not more than one month prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities).

[...]

Verifying annual income of borrower with no fixed monthly income

21 For the purposes of paragraphs 13(1)(b)(i) and (2)(a) and 16(4)(b), read with Appendix 2, and 17(5)(b)(i), in verifying the annual income of a borrower who does not have a fixed monthly income, a finance company may rely on the most recent Notice of Assessment from IRAS pertaining to the borrower, even if such Notice is dated more than 3 months prior to the relevant event or date specified in paragraphs 13(1)(b)(i) or (2)(a), 16(4)(b) or 17(5)(b)(i), as the case may be.

[...]

Transitional provision

[...]

24 Where before [date regulation 6A of the revised Regulations takes effect](“effective date”) a finance company has granted a Singapore borrower any unsecured non-card credit facility on the basis that the Singapore borrower has total net personal assets that exceed $2 million (or its equivalent in foreign currency), the finance company need not comply with paragraphs 14(1) and 17(1) for a period of 2 years from the effective date in respect of that Singapore borrower, if the Singapore borrower would not have total net personal assets that exceed $2 million after the effective date unless an amount exceeding $1 million (or its equivalent in a foreign currency) being the net equity in his primary residence is included as part of his total net personal assets.
* Endnotes on History of Amendments

(1) MAS Notice 827 dated 3 April 2003 is cancelled with effect from 1 March 2009.
(2) MAS Notice 827 dated 25 February 2009 with effect from 1 March 2009.
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Appendix 1

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<td>Total net personal assets of</td>
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<td>&lt;$20,000</td>
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[...]
NOTICE TO MERCHANT BANKS
MONETARY AUTHORITY OF SINGAPORE ACT, CAP 186
UNSECURED CREDIT FACILITIES TO INDIVIDUALS

Definitions

5 The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the Act and the Regulations, including regulations 3 to 6A of the Regulations, save that references to “card issuer” in the various definitions and regulations 3 to 6 of the Regulations shall read as “merchant bank”, and references to “cardholder” and “principal cardholder” shall read as “borrower”.

Excluded credit facilities

7(1) For the purposes of paragraphs 8 and 9, an unsecured non-card credit facility shall not include a loan for any of the following purposes:

(j) the repayment of any amount owing by the borrower under a loan, which was granted for any of the purposes specified in sub-paragraphs (a) to (i) (“original loan”), where if the lender is not the same as the person who granted the original loan, the lender has taken reasonable steps to ensure that the proceeds of the loan are paid to the person who granted that original loan; and

(k) the repayment of any amount owing by the borrower under a loan, which was granted for the purpose specified in sub-paragraph (j) (“original refinancing loan”), where if the lender is not the same as the person who granted the original refinancing loan, the lender has taken
reasonable steps to ensure that the proceeds of the loan are paid to the person who granted that original refinancing loan.

reasonable steps to ensure that the proceeds of the loan are paid to the person who granted that original refinancing loan.

New unsecured non-card credit facility

10(1) A merchant bank shall not grant any unsecured non-card credit facility to an individual unless the individual has requested for it in a document signed by him.

(5) For the purposes of paragraphs (1), 12(1)(a), and 16(5)(a), the grant of any unsecured non-card credit facility means —

(a) the sending or giving of any article to an individual, the production of which allows access to, or drawdown on, any unsecured non-card credit facilities, whether or not the article is valid for immediate use, e.g. a cheque book; or

(b) allowing drawdown on any unsecured non-card credit facilities,

but excludes —

(i) the sending or giving of an article satisfying the criteria in subparagraph (a) by a merchant bank to an individual on any unsecured non-card credit facilities which have been previously granted; or

(ii) the drawdown on any unsecured non-card credit facilities which have been previously granted.

Credit checks with credit bureau

12(1) A merchant bank shall conduct or cause to be conducted comprehensive checks with one or more credit bureaus for the purpose of assessing the credit-worthiness of —

(a) an individual, prior to issuing granting an unsecured non-card credit facility to that individual;

Checks on income or total net personal assets

13(1) A merchant bank shall obtain —

(a) prior to granting an unsecured non-card credit facility to an individual, who has not already been granted any unsecured non-card credit facility by the merchant bank, documents to verify the annual income
of the individual, and from 1 December 2014, such documents, subject to paragraph 21, shall be dated not more than 3 months prior to the granting of the unsecured non-card credit facility; and

(b) prior to increasing the aggregate credit limit granted to an individual who has already been granted an unsecured non-card credit facility, the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the increase in the aggregate credit limit, unless —

(i) the merchant bank has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the increase in the aggregate credit limit; or

(ii) the increase in the aggregate credit limit of the individual is fully secured.

(2) Upon receiving any information from any person that calls into question the credit-worthiness of a borrower of an unsecured non-card credit facility, a merchant bank shall request the borrower to provide the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the date the information is received, unless —

(a) the merchant bank has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date the information is received;

(b) the merchant bank has ceased to permit or will not permit any further amounts (save for the amounts referred to in paragraph 12(5)) to be charged to any credit card or charge card issued, or to be drawn down on any unsecured non-card credit facility granted, by the merchant bank to that borrower until the amounts outstanding on all the credit cards and charge cards issued, and unsecured non-card credit facilities granted, by the merchant bank to that borrower are paid in full; or

(c) the person providing the information refuses to identify himself to the merchant bank, even after the merchant bank undertakes to the person that his identity will be kept confidential to any extent required by the person.

Borrowers who are 60 days or more past due

16(1) This paragraph shall not apply in relation to any loan to a sole proprietor or a partner of a partnership, for a business purpose.

[…]

(4) Subject to paragraphs 14 and 17(1), a merchant bank may permit an amount to be drawn down on any unsecured non-card credit facility it has granted to a Singapore borrower referred to in sub-paragraph (2) only where —
(a) the amounts outstanding on all credit cards and charge cards issued and unsecured non-card credit facilities granted to the Singapore borrower by the merchant bank are no longer past due;

(b) the merchant bank obtains the documents specified in Appendix 2 that are, subject to paragraph 21, dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down amounts (unless the merchant bank has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down amounts), for the purpose of assessing the credit-worthiness of the Singapore borrower; and

(c) the merchant bank conducts or causes to be conducted comprehensive checks in accordance with paragraph 12(2) with one or more credit bureaus for the purpose of assessing the credit-worthiness of the Singapore borrower unless such checks were conducted not more than one month prior to the date that the Singapore borrower is permitted to resume drawing down amounts.

[...]

Borrowers whose cumulative total outstanding unsecured amount exceeds their annual income for 3 consecutive months

17(1) Subject to sub-paragraphs (3) and (4), a merchant bank shall not, on or after 1 June 2015 —

(a) permit any amounts (save for any fees, interest and charges (including late payment charges) relating to the use of the unsecured non-card credit facility) to be drawn down on any unsecured non-card credit facility granted by the merchant bank to a Singapore borrower whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months, until the requirements specified in sub-paragraph (5) are fulfilled;

(b) grant any unsecured non-card credit facility to an individual who is a citizen of Singapore or a permanent resident whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months; or

(c) increase the aggregate credit limit granted to a Singapore borrower whose cumulative total outstanding unsecured amount exceeds his annual income for 3 consecutive months.

[...]

(5) Subject to paragraphs 14 and 16(2), a merchant bank may permit an amount to be drawn down on any unsecured non-card credit facility it has granted to the Singapore borrower referred to in sub-paragraph (1)(a) only where —

(a) the Singapore borrower’s cumulative total outstanding unsecured amount is reduced to less than his annual income; and
for the purpose of assessing the credit-worthiness of the Singapore borrower, the merchant bank —

(i) obtains documents that are, subject to paragraph 21, dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities, to verify the annual income of the Singapore borrower (unless the merchant bank has already obtained such documents and, subject to paragraph 21, such documents are dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities); and

(ii) conducts or causes to be conducted comprehensive checks in accordance with paragraph 12(2) with one or more credit bureaus (unless such checks have already been conducted not more than one month prior to the date that the Singapore borrower is permitted to resume drawing down on his unsecured non-card credit facilities).

Verifying annual income of borrower with no fixed monthly income

21 For the purposes of paragraphs 13(1)(b)(i) and (2)(a) and 16(4)(b), read with Appendix 2, and 17(5)(b)(i), in verifying the annual income of a borrower who does not have a fixed monthly income, a merchant bank may rely on the most recent Notice of Assessment from IRAS pertaining to the borrower, even if such Notice is dated more than 3 months prior to the relevant event or date specified in paragraphs 13(1)(b)(i) or (2)(a), 16(4)(b) or 17(5)(b)(i), as the case may be.

Transitional provision

24 Where before [date regulation 6A of the revised Regulations takes effect] (“effective date”) a merchant bank has granted a Singapore borrower any unsecured non-card credit facility on the basis that the Singapore borrower has total net personal assets that exceed $2 million (or its equivalent in foreign currency), the merchant bank need not comply with paragraphs 14(1) and 17(1) for a period of 2 years from the effective date in respect of that Singapore borrower, if the Singapore borrower would not have total net personal assets that exceed $2 million after the effective date unless an amount exceeding $1 million (or its equivalent in a foreign currency) being the net equity in his primary residence is included as part of his total net personal assets.
* Endnotes on History of Amendments

(1) MAS Notice 1109 dated 3 April 2003 is cancelled with effect from 1 March 2009.
(2) MAS Notice 1109 dated 25 February 2009 with effect from 1 March 2009.
(3) MAS Notice 1109 dated 25 February 2009 is cancelled with effect from 1 December 2013.
(4) MAS Notice 1109 (Amendment) 2014 with effect from [date].
### Appendix 1

**Consequences if marriage certificate is not provided pursuant to paragraph 7(1)(f)(iii)(B)**

<table>
<thead>
<tr>
<th>S/No.</th>
<th>If the borrower has:</th>
<th>Criteria to be satisfied if marriage certificate is not provided not more than 3 months after first disbursement</th>
<th>Measures to be taken if no criterion is satisfied</th>
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