

ANNEX A(7)
MAS NOTICE 1001

SUMMARY OF KEY AMENDMENTS PROPOSED TO MAS NOTICE 1001

Paragraph(s)	Key amendments proposed
2 to 4	To remove references to DBU and ACU.
6	To remove the definition of “net head office funds” and set out the exclusion to the definition of “head office capital funds”.

MAS NOTICE 1001

~~15 December 2011~~ 7 June 2021

~~Last revised on 22 January 2018~~

NOTICE TO MERCHANT BANKS

~~MONETARY AUTHORITY OF SINGAPORE ACT, CAP 186~~ BANKING ACT, CAP 19

DEFINITION OF CAPITAL FUNDS AND HEAD OFFICE CAPITAL FUNDS

1. This Notice is issued pursuant to sections ~~28~~ 2(1) and 55T(11) of the ~~Monetary Authority of Singapore Act~~ Banking Act (the "Act").

Definition

2. ~~"Asian Currency Unit" or "ACU", in relation to a merchant bank, means an operational unit that has been approved by the Authority under section 77 of the Banking Act to operate in the Asian Dollar Market subject to such conditions as the Authority may determine. The expressions used in this Notice shall, except where expressly defined in this Notice or where the context otherwise requires, have the same respective meanings as in the Act.~~

3. ~~"Domestic Banking Unit" or "DBU", in relation to a merchant bank, means any operations of the merchant bank in Singapore, other than operations of the ACU.~~

Definition of Capital Funds

4. ~~For the purposes of Directives and Notices to merchant banks, "capital funds" means—~~

~~(a) in the case of a merchant bank incorporated in Singapore, taking into account its DBU and ACU operations in Singapore, the aggregate of its paid-up capital, excluding any amount represented by treasury shares, and its published reserves, excluding such reserves as the Authority may from time to time determine, deduction having been made for any loss appearing in the accounts of the merchant bank; or~~

~~(b) in the case of a merchant bank whose head office is situated outside Singapore, net head office funds and the reserves and profits appearing in the books of the DBU operations of the merchant bank in Singapore, other than reserves which are due to the writing down of the value of assets, provision for depreciation of fixed assets and reserves maintained for specific purposes.~~

5. ~~For the purposes of paragraph 4,~~

~~(a) "Published reserves" means reserves appearing in the accounts of the merchant bank which are duly audited or certified as correct by the auditor of the merchant bank;~~

~~(b) "Treasury shares" has the same meaning as in section 4(1) of the Companies Act; and~~

~~(c) The following are to be excluded as "capital funds":~~

3. For the purposes of sub-paragraph (c) of the definition of "capital funds" in section 2(1) of the Act, all of the following are to be excluded as "capital funds":

- (i) revaluation reserves;
- (ii) unrealised fair value gains or losses on equity securities held at fair value through other comprehensive income;
- (iii) unrealised fair value gains or losses on debt securities and loans held at fair value through other comprehensive income;
- (iv) cumulative fair value gains or losses on cashflow hedges of financial instruments that are measured at amortised cost.

Definition of Net Head Office Funds

~~6. "Net Head Office Funds" means the net liability of the DBU operations of the merchant bank to the merchant bank's head office, other branches outside Singapore, and its ACU in Singapore, deduction having been made for any loss appearing in the books of the DBU and ACU operations.~~

Definition of Head Office Capital Funds

~~4. For the purposes of sub-paragraph (b) of the definition of "head office capital funds" in section 55T(11) of the Act, the term "published reserves" exclude any revaluation reserves.~~

Effective Date

~~7. This Notice shall take effect on 1 April 2012. MAS Notice 1001 dated 1 November 1985 shall be cancelled with effect from 1 April 2012.~~

~~8. A merchant bank in Singapore carrying on merchant banking business immediately before 15 December 2011 shall continue to comply with the requirements set out in MAS Notice 1001 dated 1 November 1985 until 31 March 2012. A merchant bank commencing merchant banking business on or after 15 December 2011 shall comply with this Notice on the date of business commencement.~~

5. This Notice shall take effect on 7 June 2021.

*** Notes on History of Amendments**

~~1. MAS Notice 1001 dated 1 November 1985 was cancelled with effect from 1 April 2012.~~

~~2. MAS Notice 1001 dated 15 December 2011 took effect on the following dates—~~

~~(a) — in the case of a merchant bank carrying on merchant banking business immediately before 15 December 2011, 1 April 2012;~~

~~(b) — in the case of a merchant bank carrying on merchant banking business on or after 15 December 2011, the date of business commencement.~~

~~3. MAS Notice 1001 (Amendment) 2018 shall take effect on the following dates:~~

~~(a) — in the case of a merchant bank that has its annual period commencing on or before 22 January, with immediate effect;~~

~~(b) — in the case of a merchant bank that has its annual period commencing after 22 January, with effect from the day on which that annual period commences in 2018.~~