

SUMMARY OF KEY AMENDMENTS PROPOSED TO MAS NOTICE 1004

Key amendments proposed

To align the scope of reporting of exposures and credit facilities with section 27(1) of the BA and reflect drafting improvements to the Notice.

Notes:

- MAS seeks comments on the draft revised MAS Notice 1004 which is presented as a clean Notice below.

MAS Notice 1004

[Date]

NOTICE TO MERCHANT BANKS
BANKING ACT, CAP. 19

EXPOSURES AND CREDIT FACILITIES TO MERCHANT BANK RELATED CONCERNS

1. This Notice is issued pursuant to section 27(1) and (4) as applied by section 55ZD(2) and (3) of the Banking Act (Cap. 19) and applies to all merchant banks in Singapore (“Merchant Banks”).

Definition

2. For the purposes of this Notice, “related concern” refers to any person mentioned in section 27(2)(a), (d), (e), (f) and (g) as applied by section 55ZD(2) of the Act.

3. 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.

Statement under section 27(1) as applied by section 55ZD(2) of the Act

4. Every Merchant Bank must—

(a) on a monthly basis, submit a statement to the Authority no later than 15 days after the last day of each month, prepared in accordance with the form set out in Appendix I and the Explanatory Notes set out in Appendix II;

(b) submit to the Authority, together with the statement in paragraph (a), a full list of the names and designations of the partners or directors of the borrower, as the case may be, where the borrower is a firm, limited liability partnership or company and—

(A) a credit facility [to the borrower] is being reported for the first time in a statement under paragraph (a); or

(B) there has been a change in the partners or directors of the borrower¹.

5. The Authority may, upon the request by a Merchant Bank, extend the time for submission under paragraph 4 where the Authority deems fit.

Effective Date

6. This Notice takes effect on [date].

¹ To avoid doubt, the list only needs to be submitted to the Authority when the statement referred to in paragraph (a) is next submitted to the Authority.

Name of Merchant Bank: _____

Statement of exposures and credit facilities as at _____

(1) Name of borrower	(2) Relationship to the Merchant Bank	(3) Type and approved limit of credit facility	(4) Amount utilised	(5) Type and value of collateral	(6) Remarks

**EXPLANATORY NOTES FOR COMPLETION OF STATEMENT
OF EXPOSURES AND CREDIT FACILITIES
TO MERCHANT BANK RELATED CONCERNS**

1. A Merchant Bank must report all its exposures and credit facilities in Singapore dollars. Where any of the Merchant Bank's credit exposures or credit facilities is denominated in whole or in part in a currency other than Singapore dollars (for the purposes of this paragraph, a "foreign currency"), the Merchant Bank must convert the amount denominated in foreign currency into Singapore dollars using the Merchant Bank's internal currency conversion rates.

2. If there are no exposures or credit facilities to be reported, a Merchant Bank must report a "Nil" return.

Column (1) — Names of borrowers

3. A Merchant Bank must report in column (1) the names of the related concerns to whom the merchant has granted credit facilities or has exposures to.

Column (2) — Relationship to Merchant Bank

4. A Merchant Bank must report in column (2) the type of related concern.

5. For the purposes of paragraph 4, —

(a) where a borrower is—

- (i) a firm or limited liability partnership in which the director is a partner, a manager, an agent, a guarantor or a surety;
- (ii) an individual of whom, or a company of which, the director is a guarantor or surety; or
- (iii) a person mentioned in section 27(2)(g) as applied by section 55ZD(2) of the Act,

the Merchant Bank must report the name of the director concerned and the nature of his interest;

- (b) where a borrower is a company for which a key credit approver or an executive officer of the Merchant Bank, or a family member of a key credit approver or an executive officer of the Merchant Bank, is a guarantor or a surety, the Merchant Bank must report the nature of the interest of the key credit approver or the executive officer, as the case may be;

Column (3) — Type and approved limit of credit facility

6. A Merchant Bank must report in column (3) —

- (a) the various types of credit facilities and their respective limits granted by the Merchant Bank; and
- (b) the sum of the limits of all credit facilities granted to each borrower.

Column (4) — Amounts utilised

7. A Merchant Bank must report in column (4) the following amounts as at the end of the reporting month:

- (a) the amount utilised by a borrower against each type of credit facility referred to in column (3); and
- (b) the total amount utilised by the borrower.

Column (5) — Types and value of collateral

- 8. Subject to paragraph 11, a Merchant Bank must report in column (5) whether the credit facility is unsecured, partly or fully secured.
- 9. Where the credit facility is secured, a Merchant Bank must report the type and value of collateral for the credit facility .
- 10. For the purposes of paragraph 9, a Merchant Bank must report the following:
 - (a) in relation to a stock or share, the market value of the stock or share, as the case may be, as at the reporting date;
 - (b) in relation to an immovable property—
 - (i) the estimated market value or valuation of the property by professional valuer or the cost price of the property;
 - (ii) whether the collateral is in the form of a legal mortgage or registered with Registrar of Titles or Registrar of Deeds, or simple deposit of title deeds, as well as amounts charged.
 - (c) in relation to a commodity or ship, the valuation [by a professional valuer?] or cost price of the commodity or ship, as the case may be.
- 11. A Merchant Bank must indicate “No Change” in column (5) if there is no change in the information previously reported by the Merchant Bank to the Authority on the type and value of security for the credit facility. .

Column (6) — Remarks

- 12. A Merchant Bank must provide in column (6) information on —
 - (a) any action taken, or intended to be taken, by the Merchant Bank in respect of the credit facility;
 - (b) the purpose of any loan granted;
 - (c) where a loan is granted to a company, firm or limited liability partnership, the nature of business of the company, firm or limited liability partnership; and
 - (d) any other information in respect of the credit facility that the Merchant Bank deems useful for appraisal by the Authority.