

MAS 639A

6 June 2007

NOTICE TO BANKS
BANKING ACT, CAP. 19

(MAS 611 dated 11 Nov 2002 is cancelled with effect from 11 June 2007.)

EXPOSURES AND CREDIT FACILITIES TO RELATED CONCERNS

1 This Notice is issued pursuant to sections 27(1) and 55 of the Banking Act (Cap. 19) [“the Act”].

Definition

2 In this Notice—

“**DBU operations**”, in relation to a bank, means any operations of the bank in Singapore, other than operations of an Asian Currency Unit approved under section 77 of the Act;

“**Accounting Standards**” has the same meaning as in section 4(1) of the Companies Act (Cap 50);

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) of the Act

4 The statement to be prepared by a bank under section 27(1) of the Act in respect of each quarter of the year shall be in the form set out in Appendix I. The Explanatory Notes for completing the statement are set out at Appendix II.

5 Notwithstanding paragraph 4, every bank should maintain detailed records of individual exposures to each related person listed in section 27(1) of the Act.

Aggregation with subsidiaries

6 Every bank incorporated in Singapore which is not a subsidiary of another bank incorporated in Singapore shall prepare an additional statement in the form set out in Appendix I, aggregating its exposures and credit facilities to each group of persons listed in section 27(1) of the Act with that of all its subsidiaries and any other company treated as part of the bank's group of companies according to Accounting Standards.

Effective Date and Transitional Provision

7 Subject to paragraph 8, this Notice shall take effect on 11 June 2007. MAS Notice 611 dated 11 November 2002 is cancelled with effect from 11 June 2007.

8 A bank in Singapore carrying on banking business immediately before 31 March 2007 shall continue to comply with the requirements set out in MAS Notice 611 relating to the repealed section 27 of the Act until 30 March 2009, or unless the bank has elected to comply with the new section 27 of the Act pursuant to section 67 of the Banking (Amendment) Act 2007 (Act 1 of 2007), whichever is the earlier. Where the bank in Singapore has so elected, the bank shall comply with this Notice from the date of election specified in the notice of election.