MAS NOTICE 1013

1 Mar 2006

NOTICE TO MERCHANT BANKS

(MAS 1013 dated 3 Mar 1999 is cancelled)

Disclosure in Financial Statements

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1 This Notice is issued pursuant to Directive 33, which is issued under section 28 of the Monetary Authority of Singapore Act (Cap 186). It sets out certain disclosure requirements that apply to merchant banks in addition to the requirements relating to financial statements as specified in the Companies Act (Cap. 50), including the Accounting Standards prescribed under the Companies Act. The presentation and layout of the financial statements is a matter for merchant banks to decide in consultation with their auditors. Merchant banks may disclose other information in their financial statements, in addition to those specified in this Notice.

Definitions

2 For the purposes of this Notice –

"Accounting Standards" has the same meaning as in section 4 of the Companies Act (Cap. 50);

"FRS 107" means the Financial Reporting Standard 107 of the Accounting Standards that applies with effect from the dates set out below[1]:

(a) in relation to a company incorporated or foreign company registered under the Companies Act, that has been admitted to the official list of an approved securities exchange in Singapore and has not been removed from that official list, for annual periods beginning on or after 1 January 2007;

(b) in relation to any other company incorporated or registered under the Companies Act, for annual periods beginning on or after 1 January 2008.

Disclosure Requirements Applicable to Merchant Banks

3 Every merchant bank should:

(a) in the case of a merchant bank that applies FRS 107 before the relevant dates set out in the definition of FRS 107, comply with the disclosure requirements specified in FRS 107; or

(b) in any other case, disclose in its financial statements the minimum information as set out in Appendix 1 of this Notice.

4 Every merchant bank shall, apart from complying with the requirements set out in the Companies Act (Cap 50), including the disclosure requirements specified in the Accounting Standards, disclose the following items in its financial statements:

(a) the gross aggregate amount of all credit facilities granted by the merchant bank that are classified as sub-standard, doubtful or loss under MAS Notice 1005;

(b) where the regulatory authority in the home country of the merchant bank incorporated outside Singapore requires its head office to confer lower priority to depositors of the foreign offices of the merchant bank, vis-à-vis the home country depositors, in the repayment of deposits in the event of receivership, winding up proceedings or equivalent proceedings of the merchant bank, such information shall be disclosed in the financial statements of the Singapore branch of the merchant bank.

5 This Notice shall take immediate effect. MAS Notice 1013 dated 3 March 1999 is cancelled with immediate effect.

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[1] Earlier application of FRS 107 is encouraged by the Council on Corporate Disclosure and Governance (referred to as the Accounting Standards Committee in Section 200A of the Companies Act (Cap. 50)).