

Directive 7

1 Nov 1985

Directives to Merchant Banks

Credit Facilities to Directors, Related Corporations, etc.

7(1) Every merchant bank shall send to the Authority not later than fifteen days after the last day of each month a statement in the form to be prescribed by the Authority showing particulars of all advances, loans or credit facilities granted by it to -

- a) any of its directors;
- b) any firm in which it or any of its directors is a partner, manager or agent, or to any individual or firm of whom or of which any of its directors is a guarantor;
- c) any corporation that is deemed to be related to the merchant bank as described in Section 6 of the Companies Act;
- d) any of its officers, employees or other persons being persons receiving remuneration from it in excess of one year's remuneration of the officer, employee or person;
- e) any private or public company in which it or any of its directors, officers, employees or other persons who receive remuneration from the company has an interest as a director, manager, agent or guarantor; or
- f) any individual in whom, and any firm or company in which, any of its directors has an interest, directly or indirectly, other than such advances, loans and credit facilities, particulars of which have already been supplied pursuant to Directive 7 (a) to (e).

If it appears to the Authority that any such credit facilities are being granted to the detriment of creditors' interests, the Authority may prohibit that merchant bank from granting any further credit facilities or impose such restrictions on the new credit facilities as the Authority thinks fit and may further direct that merchant bank to secure repayment of any such first mentioned credit facilities within such time and to such extent as may be specified.

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