

Directive 8

1 Nov 1985

Directives to Merchant Banks

Credit Facilities and Limits

8(1) A merchant bank shall not grant or permit to be outstanding to any one person, firm, corporation or company or to any group of companies or persons which such person, firm, corporation or company is able to control or influence any credit facilities to an aggregate amount of such credit facilities in excess of thirty per cent of the capital funds. A merchant bank may, with the approval of the Authority, grant or permit to be outstanding any credit facilities, up to but not exceeding one hundred per cent of its capital funds subject to terms and conditions which the Authority may or may not impose in approving the excess. This shall not apply to: -

- i) transactions with the Government;
- ii) transactions with banks and approved merchant banks;
- iii) the purchase of telegraphic transfers or loans or advances made against telegraphic transfers;
- iv) any facilities granted against letter of credit or bills or guarantees or documents in respect of imports into or exports from Singapore; or
- v) any other type of transactions which the Authority may from time to time approve.

(2) A merchant bank shall not:-

- a) grant any credit facility against the security of its own shares;
- b) grant whether directly or indirectly, unsecured credit facilities which in the aggregate and outstanding at any one time exceed the sum of five thousand dollars -
 - i) to any of its directors, or a firm in which it or any of its directors has an interest (as a partner, manager or agent) or to any individual or firm whereby any of its directors is a guarantor; or
 - ii) to any corporation, other than a bank, that is deemed to be related to the merchant bank as described in Section 6 of the Companies Act; or
- c) grant to any of its staff other than a director, unsecured credit facilities which in the aggregate and outstanding at any one time

exceed one year's emolument of t at staff.

(3) In Directive 8(2)(b), "director" includes the wife, husband, father, mother, son or daughter of a director.

(4) In Directive 8(2)(b) & (c), "unsecured credit facilities" means, credit facilities given without security, or in respect of any credit facility given with security, any part thereof which at any time exceeds the market value of the assets constituting that security, or where the Authority is satisfied that there is no established market value, on the basis of a valuation approved by it.

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