

Directive 14

1 Nov 1985

Directives to Merchant Banks

Action by the Authority if a Merchant Bank is Unable to Meet Obligations, etc or is Conducting Business to the Detriment of Depositors

14(1) Where -

- a) a merchant bank informs the Authority that it is likely to become unable to meet its obligations, or that it is insolvent, or about to suspend payments;
- b) a merchant bank becomes unable to meet its obligations, or is insolvent, or suspends payments;
- c) after an inspection or investigation is made under Directive 1 1, the Authority is of the opinion that the merchant bank -
 - i) is carrying on its business in a manner likely to be detrimental to the interest of its depositors or its creditors;
 - ii) is insolvent or is likely to become unable to meet its obligations or is about to suspend payment;
 - iii) has contravened or failed to comply with any of the directives, guidelines, notices, terms and conditions issued by the Authority; or
 - iv) has contravened or failed to comply with any condition of approval; or
- d) the Authority considers it in the public interest to do so,

the Authority may exercise such one or more of the powers specified in Directive 14(2) as appears to it to be necessary.

(2) Subject to Directive 14(1), the Authority may -

- a) require the merchant bank concerned forthwith to take any action or to do or not to do any act or thing whatsoever in relation to its business as the Authority may consider necessary;
- b) appoint a person to advise that merchant bank in the proper conduct of its business;
- c) assume control of and carry on the business of that merchant bank or direct some other person to assume control of and carry on the business of that merchant bank; or
- d) withdraw the approval granted to that merchant bank to operate

in Singapore, as provided under Section 24C(5) of The Monetary Authority of Singapore Act

(3) The Authority may, upon representation made to it or at its own discretion, modify or cancel any action by it under Directive 14(2), and in so modifying or cancelling any action may impose such conditions as it thinks fit, subject to which the modification or cancellation shall have effect.

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