



MAS DIRECTIVE 1

15 December 2011

DIRECTIVES TO MERCHANT BANKS

MONETARY AUTHORITY OF SINGAPORE ACT, CAP 186

(MAS Directive 1 dated 1 November 1985 is cancelled with effect from 1 April 2012.)

MINIMUM CAPITAL REQUIREMENT

1(1) This Directive is issued pursuant to section 28 of the Monetary Authority of Singapore Act (Cap.186).

1(2) The expressions used in this Directive shall, except where expressly defined in this Directive or where the context otherwise requires, have the same respective meanings as in Notice 1001.

1(3) A merchant bank incorporated in Singapore shall maintain paid-up capital of not less than S\$15 million, at all times (“minimum paid-up capital”), and its capital funds shall not be less than that amount, at all times (“minimum capital funds”). The Authority may, if it considers appropriate in the particular circumstances of a merchant bank incorporated in Singapore, having regard to the risks arising from the activities of the merchant bank and such other factors as the Authority considers relevant, determine that a specific merchant bank is to maintain other amounts of minimum paid-up capital at all times.

1(4) The minimum paid-up capital and minimum capital funds of a merchant bank incorporated in Singapore shall be denominated in Singapore dollars or any currency approved by the Authority. The minimum paid-up capital and minimum capital funds shall be in the form of ordinary shares. Any amount above the minimum paid-up capital and minimum capital funds may be denominated in any currency. Any paid-up capital above the minimum paid-up capital and minimum capital funds may be in any form of share capital except treasury shares.

1(5) A merchant bank whose head office is situated outside Singapore shall maintain net head office funds of not less than S\$15 million, at all times (“minimum net head office funds”). The Authority may, if it considers appropriate in the particular circumstances of a merchant bank whose head office is situated outside Singapore, having regard to the risks arising from the activities of the merchant bank and such other factors as the Authority considers relevant, determine that a specific merchant bank is to maintain other amounts of minimum net head office funds at all times.

1(6) The net head office funds of a merchant bank whose head office is situated outside Singapore may be denominated in any currency.

1(7) A merchant bank incorporated in Singapore and a merchant bank whose head office is situated outside Singapore shall maintain capital funds in Singapore in proportion to its total assets or to every category of assets at such ratio(s) as may be determined by the Authority from time to time.

Effective Date

1(8) This Directive shall take effect on 1 April 2012. MAS Directive 1 dated 1 November 1985 shall be cancelled with effect from 1 April 2012.

1(9) A merchant bank in Singapore carrying on merchant banking business immediately before 15 December 2011 shall continue to comply with the requirements set out in MAS Directive 1 dated 1 November 1985 until 31 March 2012. A merchant bank commencing merchant banking business on or after 15 December 2011 shall comply with this Directive on the date of business commencement.