

RESPONSE TO CONSULTATION PAPER

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Consultation topic:	Notice to Banks and Merchant Banks on Relevant Services
Name¹/Organisation: ¹if responding in a personal capacity	Natixis
Contact number for any clarifications:	██████████
Email address for any clarifications:	██
Confidentiality	
I wish to keep the following confidential:	<i>(Please indicate any parts of your submission you would like to be kept confidential, or if you would like your identity along with your whole submission to be kept confidential. Your contact information will not be published.)</i>

Question 1. MAS seeks comments on the proposed annexes of the proposed Notices as follows:

- a. List of relevant services commonly performed by banks or MBs in Singapore (Annex A of the proposed Notices)
- b. List of relevant services that are not commonly performed by banks or MBs, and thus, are excluded from the definition of outsourced relevant service (Annex B of the proposed Notices)
- c. List of relevant services that are not commonly performed by banks or MBs, but are considered by MAS as outsourced relevant services (Annex C of the proposed Notices)
- d. List of exempted outsourced relevant services (Annex D of the proposed Notices)

Respondents should provide the rationale to support their suggestions to add or remove services from the annexes.

- *For sanction screening services, banks use third party software for screening with results fully assessed by the banks. Would this be considered as outsourcing when there is no involvement in the screening by the third party except for software maintenance and upgrade?*
- *For Machine learning used in sanction screening, would MAS consider this as outsourcing? The vendor provides an algorithm and build the application learning over time with the necessary data. The bank reviews the test results. Once application is robust, the bank uses it to filter the results of the names screened in place of manual handling.*
- *Under Annex A (xiii), does this include the renting of facilities/ sites for purpose of business continuity and disaster recovery and the recovery activity conducted by the bank and not a third party? This is similar to renting of premises by the bank to conduct its business which is not considered as outsourcing.*
- *Would like to clarify why express letter and parcel delivery services considered as outsourcing under Annex C when similar services under Annex B 1 (iii) is not. Our bank does engage such delivery services on an ad hoc basis and would not be reasonable to perform a due diligence and sign an outsourcing agreement with these small vendors. We do not see it as a major risk on their failure on the delivery services.*

Question 2. MAS seeks comments on the requirement for a bank or an MB to submit to MAS a register of outsourced relevant services (as described in paragraph 3.1) semi-annually or upon request.

- *We suggest that the frequency of submission be based on risk assessment of the services? i.e. for material outsourced arrangements to be submitted on more regularly than no-material outsourcing .*

Question 3. MAS seeks comments on the requirements pertaining to the management of material ongoing outsourced relevant services and evaluation of service providers.

- *<Please fill in your response here>*

Question 4. MAS seeks comments on the requirement for banks and MBs to enter into outsourcing agreements for their material ongoing outsourced relevant services and to ensure the inclusion of certain terms in these agreements.

- *We would like to request that Head Office and branch to branch outsourcing be exempted from such agreements because legally, such agreements are not enforceable. For certain MAS requirements which are essential eg access to the service provider records for the services, we can arrange to put in place undertakings with the HO and branches.*

Question 5. MAS seeks comments on the terms required to be included in the outsourcing agreements.

<Please fill in your response here>

Question 6. MAS seeks comments on the requirements pertaining to the protection of customer information.

<Please fill in your response here>

Question 7. MAS seeks comments on the requirements pertaining to the use of sub-contractors for material ongoing outsourced relevant services.

- *30 days may not be sufficient to conduct a full assessment of the sub-contractor to determine its ability to provide the service.*
- *For services outsourced to Head Office and branches which has been sub-contracted to another intra group entity, can the bank rely on the HO or branch certification or representation on the sub-contractor? This is because all intra group entities (including our bank) are subjected to the same risk and controls framework and governance. If the HO and branch has met the due diligence requirements, the same can be applied to the intra group sub-contractor.*

Question 8. MAS seeks comments on the requirements pertaining to the audit requirements for material ongoing outsourced relevant services.

- *Can we submit the register of audits performed as part of the outsourcing register instead of separate template?*
- *It will be useful if MAS can provide a template on the Audit criteria for the review of the relevant outsourced services. This will be useful for internal audit in their audit on intra group services.*

Question 9. MAS seeks comments on the requirements pertaining to the termination of material ongoing outsourced relevant services.

<Please fill in your response here>

Question 10. MAS seeks comments on the requirements in paragraph 4.22 pertaining to an ORFI's provision of material ongoing outsourced relevant services.

<Please fill in your response here>

Question 11. MAS seeks comments on the requirement in paragraph 4.23 on a bank or an MB to provide MAS with a confirmation from the overseas supervisor of the ORFI and the scope of such a confirmation.

The bank feels that we should provide the ORFI a notification on the 4.22 obligations to be sent to its supervisor and obtain the supervisor's acknowledgement instead of obtaining an undertaking from the ORFI's supervisor.

The bank Can we carve out to exclude HO.

Question 12. MAS seeks comments on the requirements applicable to outsourced relevant services that involve the disclosure of customer information, and for the meaning of "customer" which will apply to these requirements to include companies which carry on banking business, merchant banking business or investment banking business.

- We suggest that banks should be excluded from the definition of "customer", which is similar to the Banking Act*

Question 13. MAS seeks comments on the requirement for a bank or an MB incorporated in Singapore to implement a group policy on outsourced relevant services.

<Please fill in your response here>

Question 14. MAS seeks comments on the effective dates of the proposed Notices.

- *We feel that 12 months is too short and request for 18 months period for compliance.*

Any other comments:

<Please fill in your response here>