

RESPONSE TO CONSULTATION PAPER

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Consultation topic:	Notice to Banks and Merchant Banks on Relevant Services
Name¹/Organisation: ¹ if responding in a personal capacity	Sumitomo Mitsui Banking Corporation Singapore Branch
Contact number for any clarifications:	[REDACTED]
Email address for any clarifications:	[REDACTED]
Confidentiality	
I wish to keep the following confidential:	(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 Your contact information will not be published.)

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.

The bank would like to seek clarification on the following:

Item 1(vi) of Annex A - The bank would like to clarify whether this item includes recruitment agencies that provide only candidate searching services to fill a role (i.e. recruitment agencies that do not provide staff management services e.g. payroll or leave management). Also, as Item 1(vi) lists staff augmentation as an example of an outsourced relevant service, the bank would like to clarify if staff augmentation would include a short term (4-8weeks) engagement of manpower from a service provider as and when required.

Item 1(vii) of Annex A - The bank would like to clarify whether this item includes development work provided by third party vendors or their partners for its third-party vendor software, for which the bank does not have the necessary expertise or know-how?

Item 1(xvi) of Annex A - The bank would like to clarify whether the usage of third-party screening tools/software to support the screening process performed by the bank would be considered as an outsourced service?

Item 2(ii) of Annex B - The bank notes that introducer arrangements between the bank and an introducer, where the bank does not have any existing contractual relationship with the person introduced are excluded from the definition of outsourced relevant service. The bank would like to clarify whether the regulatory intention is for the introduction of customers to be classified as an outsourced relevant service given the inclusion of the phrase "the bank does not have any existing contractual relationship with the person introduced".

Item 1 of Annex C – The bank notes that public cloud services such as software-as-a-service, platform-as-a-service, infrastructure-as-a-service are included in the definition of outsourced relevant service. The bank would like to clarify whether this means any

public cloud service, even if it does not fall within the definition of outsourcing arrangement in the Outsourcing Guidelines, will need to be classified as outsourced relevant service and would thus be subject to the requirements in the proposed Notice.

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.

With reference to paragraph 3.1(a), the bank would like to seek clarification that there is no requirement to maintain a register for outsourced relevant services which are provided on a one-off basis, i.e. outsourced relevant services with a duration of less than 12 months are not in scope of this requirement.

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

With reference to the framework for the management of outsourced relevant services and evaluation of the service provider, the bank would appreciate it if MAS could provide further guidance on the various areas that the bank should incorporate into the framework. Further, on the requirement to assess the service provider's reputation and track record, the bank would appreciate it if MAS could clarify if there is any minimum duration that the bank is required to consider for the purposes of the track record requirement.

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.

NA.

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

NA.

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

NA.

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

The bank would like to seek clarification on whether customer information which is encrypted in a secure manner such that the identities of the customers cannot be readily inferred (e.g. documents containing information in tamper-proof sealed boxes for warehousing, documents that are in shredded form and are pending secured destruction or information in systems that are encrypted end to end) would be considered to be customer information.

Further, in relation to the requirement to seek prior written consent from customers prior to any outsourcing and/or outsourcing involving subcontracting arrangements, the bank would like to clarify that the consent does not have to be specific and that such consent may be obtained by way of the bank's terms and conditions with the customer or a letter from the bank to the customer informing them that the bank has outsourced certain services in the course of which customer information may be disclosed, to which the customer does not object within a given time frame.

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

Currently, the bank's practice is to submit the service provider's audit report to MAS for both material and non-material outsourcing services. We would like to seek clarification on whether the proposed requirement to submit a list of all audits performed in the past 12 months for material ongoing outsourced relevant services is an additional

requirement on top of the existing practice or is the proposed requirement intended to replace the existing practice.

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

NA.

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

NA.

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.

NA.

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.

The bank would like to seek clarification whether information relating to interbank transactions (for example foreign exchange, money market or swap transactions) would be considered as customer information given the proposal for the definition of customers to include companies which carry on banking business, merchant banking business or investment banking business. If this is the case and the intention is for the requirements of the proposed Notice to apply to service providers providing third-party trading platforms for interbank trades and/or trading phones that are able to record interbank trades, the bank would appreciate it if MAS could reconsider the expanded definition of customer.

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.

NA.

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

NA.

Any other comments:

NA.