

**THIS VERSION OF THE REGULATIONS IS IN DRAFT FORM
AND SUBJECT TO CHANGE. IT IS ALSO SUBJECT TO
REVIEW BY THE ATTORNEY-GENERAL'S CHAMBERS.**

BANKING ACT 1970

~~(CHAPTER 19)~~

**BANKING (CORPORATE GOVERNANCE) REGULATIONS
2005**

ARRANGEMENT OF REGULATIONS

PART I

PRELIMINARY

Regulation

1. Citation and commencement
2. Definitions
3. Major stake
4. ~~[Deleted] Meaning of "affiliated entity" in relation to relevant major stakeholder~~
5. ~~[Deleted] Holding by affiliated entity deemed to be holding by relevant major stakeholder~~

PART II REQUIREMENTS FOR BANKS

6. Independence from management and business relationships
7. Independence from substantial shareholder

8. Determination of independence by Nominating Committee

9. Board of directors

9A. Responsibilities of the Board

9B. Appointment of director

10. Executive Committee

11. Committees of board of directors

12. Nominating Committee

13. Responsibilities of Nominating Committee

14. ~~[Deleted] Determination of independence of directors and assessment of qualification~~

15. Furnishing information to Authority

16. Remuneration Committee

17. Audit Committee

17A. Risk Management Committee

Regulation

18. ~~[Deleted]~~

18A. ~~[Deleted]~~

19. Executive officers

20. Separation of roles

21. Corporate governance requirements applicable to major stake
financial entity

22. Exceptions for purposes of this Part

PART III

[DELETED]

PART IV EXEMPTION

39. ~~[Deleted] Exemption~~

PART V

[DELETED]

In exercise of the powers conferred by section 78 of the Banking Act, the Monetary Authority of Singapore hereby makes the following Regulations:

PART I

PRELIMINARY

Citation and commencement

1. These Regulations may be cited as the Banking (Corporate Governance) Regulations 2005 and shall come into operation on 8th September 2005.

Definitions

2.—(1) In these Regulations, unless the context otherwise requires —

“affiliate” —

(a) in relation to a substantial shareholder of a bank in Singapore, means any company which is an associate of the substantial shareholder, other than —

(i) the bank, if it is a bank incorporated in Singapore, and any entity in which the bank holds a major stake;

[S 512/2019 wef 01/08/2019]

- (ii) where the bank is the subsidiary of another bank incorporated in Singapore (referred to in this paragraph as the parent bank), the parent bank and any entity in which the parent bank holds a major stake; or

[S 512/2019 wef 01/08/2019]

- (iii) where the bank is the subsidiary of a financial holding company, the financial holding company and any company in which the financial holding company holds a major stake; and
- (b) in relation to a substantial shareholder of a financial holding company, means any company which is an associate of the substantial shareholder, other than —
- (i) the financial holding company and any company in which the financial holding company holds a major stake; or
 - (ii) where the financial holding company is the subsidiary of another financial holding company, the second-mentioned financial holding company and any company in which the second-mentioned holding company holds a major stake;

“associate”, in relation to a substantial shareholder, means —

- (a) any corporation in which the substantial shareholder controls the composition of the board of directors;
- (b) any corporation in which the substantial shareholder controls more than half of the voting power (or, in the case of an umbrella VCC, either more than half

of the voting power in the umbrella VCC that is not in respect of any of its sub-funds, or more than half of the voting power in the umbrella VCC in respect of any one of its sub-funds);

- (c) any corporation in which the substantial shareholder holds more than half of the issued shares ~~capital~~ (or, in the case of an umbrella VCC, either exceeding half of the total number of issued shares in the umbrella VCC that are not in respect of any of its sub-funds, or exceeding half of the total number of issued shares in the umbrella VCC in respect of any one of its sub-funds);
- (d) any corporation which is a subsidiary of any other corporation which is an associate by virtue of paragraph (a), (b) or (c);
- (e) any corporation in which the substantial shareholder or any other corporation which is an associate by virtue of paragraph (a), (b), (c) or (d) has, or the substantial shareholder and such other corporation together have, an interest in shares entitling the beneficial owners thereof the right to cast, whether by proxy or in person, not less than 20% but not more than 50% of the total votes able to be cast at a general meeting of the first-mentioned corporation; or
- (f) any ~~corporation~~company (not being a corporation which is an associate by virtue of paragraph (a), (b), (c), (d) or (e)) the policies of which the substantial shareholder or any other corporation which is an associate by virtue of paragraph (a), (b), (c), (d) or (e) is, or the substantial shareholder together with

such other corporation are, able to control or influence materially;

“Audit Committee” means an Audit Committee referred to in regulation 17;

[S 503/2022 wef 30/06/2022]

“board committee”, in relation to a bank incorporated in Singapore, means any of the committees specified in regulation 11(1), ~~and the Executive Committee mentioned in regulation 10, and any other committees established by the bank comprising any directors of the bank, to review such matters as the bank considers necessary;~~

[S 503/2022 wef 30/06/2022]

~~“chief executive officer”, in relation to a company, means any person, by whatever name described, who —~~

~~(a) is in the direct employment of, or acting for or by arrangement with, the company; and~~

~~(b) is principally responsible for the management and conduct of the business of the company;~~

“domestic systemically important bank incorporated in Singapore” means a bank incorporated in Singapore that has been notified in writing by the Authority of such designation and has not been otherwise notified by the Authority that is no longer so identified;

“entity” means any body corporate or unincorporate, whether incorporated, formed or established in or outside Singapore;

“entry permit” means a permit issued under section 10 of the Immigration Act 1959;

“executive director” means a director who is concurrently an executive officer and “non-executive director” shall be construed accordingly;

~~“executive officer”, in relation to a company, means any person, by whatever name described, who —~~

~~(a) — is in the direct employment of, or acting for or by arrangement with, the company; and~~

~~(b) — is concerned with or takes part in the management of the company on a day-to-day basis;~~

~~“financial year” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);~~

~~“financial institution” has the same meaning as in section 2 of the Financial Services and Markets Act 2022;~~

~~“foreign-owned bank incorporated in Singapore” means a bank incorporated in Singapore which is a subsidiary of another corporation incorporated or otherwise established outside Singapore—~~

~~“full bank incorporated in Singapore” means a bank incorporated in Singapore which holds a full banking licence;~~

~~“full banking licence” has the same meaning as in paragraph 2 of the Banking (Fees) Notification;~~

~~“Guidelines on Fit and Proper Criteria” means the document (as revised from time to time) that is called by that title, issued by the Authority and published on the Authority’s website;~~

“holding company” has the same meaning as in section 5 of the Companies Act 1967;

“immediate family”, in relation to an individual, means the individual’s spouse, child, adopted child, step-child, parent, step-parent, brother, step-brother, sister or step-sister;

~~“immediate subsidiary” means a subsidiary as defined under section 5(1)(a) of the Companies Act;~~

“independent director”, in relation to a bank in Singapore, means a director who —

- (a) is independent from any management and business relationship with the bank;
- (b) is independent from any substantial shareholder of the bank; and
- (c) has not served on the board of the bank for ~~a~~ continuous an aggregate period of 9 years or longer (whether before or after a licence is granted to the bank);

[S 503/2022 wef 30/06/2022]

~~“limited liability partnership” has the same meaning as in section 2(1) of the Limited Liability Partnerships Act 2005 (Act 5 of 2005);~~

[Deleted by S 512/2019 wef 01/08/2019]

“major stake financial entity” means any entity in which a bank incorporated in Singapore acquires or holds a major stake and which is a financial institution approved, licensed, registered or otherwise regulated by the Authority;

[S 512/2019 wef 01/08/2019]

“material risk personnel”, in relation to a bank incorporated in Singapore, means an individual who has the authority to make decisions or conduct activities that can significantly impact the bank’s safety and financial soundness, or cause harm to a significant segment of the bank’s customers or other stakeholders including but not limited to shareholders, creditors and counterparties;

“material risk taker” refers to an executive officer or a material risk personnel;

“Nominating Committee” means a Nominating Committee referred to in regulation 12;

[S 503/2022 wef 30/06/2022]

“permanent resident” means the holder of a entry permit; any individual who is not subject to any restriction as to his period of residence in Singapore imposed under the provisions of any written law relating to immigration for the time being in force;

[Deleted by S 503/2022 wef 30/06/2022]

“Remuneration Committee” means a Remuneration Committee referred to in regulation 16;

[S 503/2022 wef 30/06/2022]

“Risk Management Committee” means a Risk Management Committee referred to in regulation 17A;

[S 754/2010 wef 09/12/2010]

[S 503/2022 wef 30/06/2022]

“subsidiary” has the same meaning as in section 5 of the Companies Act (Cap. 50);

~~“substantial shareholder” has the same meaning as in section 81 of the Companies Act.~~

(2) In these Regulations, in relation to a company ~~which may dispense~~that has dispensed with the holding of annual general meetings under section 175A of the Companies Act 1967 —

- (a) a reference to the doing of anything at an annual general meeting shall, in the case of such a company, be read as a reference to the doing of that thing by way of a resolution by written means in accordance with the Companies Act 1967; and
- (b) a reference to the date of an annual general meeting of such a company shall, unless the meeting is held, be read as a reference to the date of expiry of the period within which the meeting is required by law to be held.

(3) In these Regulations, a person has an interest in any share if the person —

- (a) is deemed to have an interest in that share under section 7 of the Companies Act 1967; or
- (b) otherwise has a legal or an equitable interest in that share except for such interest as is to be disregarded under section 7 of the Companies Act 1967.

(4) In these Regulations, a person holds a share if —

- (a) the person is deemed to have an interest in that share under section 7(6) to (10) of the Companies Act 1967; or
- (b) the person otherwise has a legal or an equitable interest in that share except for such interest as is to be disregarded under section 7(6) to (10) of the Companies Act 1967;

(5) In these Regulations, any reference to the control of a percentage of the voting power in an entity is a reference to the

control, whether direct or indirect, of that percentage of the total number of votes that might be cast in a general meeting of the entity (or in the case of an umbrella VCC, the total number of votes attached to all voting shares of the umbrella VCC that are issued not in respect of any sub-fund or that are issued in respect of a sub-fund, as the case may be).

Major stake

3. In these Regulations, unless the context otherwise requires —

- (a) any reference to an entity in which a bank holds a major stake is a reference to an entity in which a bank has a major stake as defined in section 32(7) of the Act; and

[S 512/2019 wef 01/08/2019]

- (b) any reference to a company in which a financial holding company ~~(referred to in this regulation and regulations 4 and 5 as the relevant major stakeholder)~~ holds a major stake is a reference to a company in which ~~the relevant major stakeholder~~ the financial holding company has a major stake as defined in section 31(10) of the Financial Holding Companies Act 2013. —

- (i) ~~any beneficial interest exceeding 10% in the share capital;~~
- (ii) ~~control over more than 10% of the voting power;~~
~~or~~
- (iii) ~~any interest, where the directors of the company are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the relevant major stakeholder, or where the relevant major stakeholder is in a position to determine the policy of the company.~~

Meaning of “affiliated entity” in relation to relevant major stakeholder

4. ~~[Deleted]~~ In regulation 5, “affiliated entity”, in relation to a relevant major stakeholder, means —

- ~~(a) any subsidiary of the relevant major stakeholder;~~
- ~~(b) any company in which the relevant major stakeholder and its subsidiaries hold in the aggregate a beneficial interest in not less than 20% of the share capital;~~
- ~~(c) any company in which the relevant major stakeholder and its subsidiaries control in the aggregate not less than 20% of the voting power;~~
- ~~(d) any company, other than a company referred to in paragraph (a), (b) or (c), where the directors of the company are accustomed or under an obligation, whether formal or informal, to act in accordance with the relevant major stakeholder’s directions, instructions or wishes, or where the relevant major stakeholder is in a position to determine the policy of the company; or~~
- ~~(e) any subsidiary of a company referred to in paragraph (b), (c) or (d).~~

Holding by affiliated entity deemed to be holding by relevant major stakeholder

5. ~~[Deleted]~~ In determining whether a relevant major stakeholder holds a major stake in a company under regulation 3(b) —

- ~~(a) any beneficial interest in the share capital of the company held by an affiliated entity of the relevant major stakeholder shall be deemed to be a beneficial interest in that share capital held by that relevant major stakeholder;~~

- ~~(b) any control of voting power in the company held by an affiliated entity of the relevant major stakeholder shall be deemed to be a control of such voting power held by that relevant major stakeholder; and~~
- ~~(c) where the directors of the company are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the relevant major stakeholder, or where the relevant major stakeholder is in a position to determine the policy of the company, any interest in the company held by the affiliated entity of the relevant major stakeholder shall be deemed to be an interest held by that relevant major stakeholder.~~

PART II

REQUIREMENTS FOR BANKS

Independence from management and business relationships

6.—(1) In these Regulations, subject to regulation 8, a director ~~shall be considered to be~~ is independent from management and business relationships with a bank incorporated in Singapore if —

- (a) the director has no management relationship with the bank or any of its ~~subsidiaries~~ related corporations; and
- (b) the director has no business relationship with the bank or any of its ~~subsidiaries~~ related corporations, or with any officer of the bank,

that could interfere, or be reasonably regarded as interfering, with the exercise of the director's independent business judgment with regard to the interests of the bank.

(2) Without ~~prejudice to~~ limiting paragraph (1)(a), a director ~~shall~~ is not ~~be~~ considered to be independent from management

relationships with a bank incorporated in Singapore or any of its related corporations subsidiaries if —

- (a) ~~he the director~~ is currently employed by the bank or any of its subsidiaries, or has been so employed at any time during the current financial year or any of the preceding 3 financial years of the bank ~~or any of its subsidiaries~~;

(aa) subject to regulation 8, the director is currently employed by the bank's holding company or another subsidiary of the bank's holding company, in a capacity that has management responsibility, whether formal or informal, over any job function of the bank or any of its subsidiaries, or has been so employed at any time during the current financial year or any of the preceding 3 financial years of the bank;

- (b) any member of ~~his the director's~~ immediate family —
 - (i) is currently employed by the bank or any of its subsidiaries in a capacity that has management responsibility, whether formal or informal, over any job function of the bank or any of its subsidiaries, or has been so employed at any time during the current financial year or any of the preceding 3 financial years of the bank as an executive officer whose compensation is determined by the Remuneration Committee of the bank or any of its subsidiaries; or
 - (ii) subject to regulation 8, is currently employed by the bank's holding company or another subsidiary of the bank's holding company, in a capacity that has management responsibility, whether formal or informal, over any job function of the bank or any of its subsidiaries, or has been so employed at any time during the current financial year or any of the

preceding 3 financial years of the bank ~~or any of its subsidiaries~~; or

- (c) ~~he~~ the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the bank or any of its related corporations ~~subsidiaries~~.

(2A) For the purposes of this regulation, a person has management responsibility over a job function of the bank if the person is able to exercise a significant influence over the direction and management of the job function of the bank.

(3) Without ~~prejudice to limiting~~ paragraph (1)(b) but subject to regulation 8, a director ~~shall~~ is not ~~be~~ considered to be independent from business relationships with a bank incorporated in Singapore or any of its related corporations ~~subsidiaries~~ if —

- (a) the director, or any member of the director's immediate family, ~~he~~ is a director, a substantial shareholder or an executive officer of any corporation, or a partner of a firm or a limited liability partnership or a sole proprietor, ~~where such corporation, firm, limited liability partnership or sole proprietor which~~ carries on business for purposes of profit ~~to which the bank or any of its subsidiaries has made, or from which the bank or any of its subsidiaries has received, payments in the current or immediately preceding financial year; or —~~

(i) to which the bank or any of its related corporations has made significant payments, as determined by the Nominating Committee in accordance with regulation 13(10); or

(ii) from which the bank or any of its related corporations has received, significant payments, as

determined by the Nominating Committee in accordance with regulation 13(10),

in the current or immediately preceding financial year of the bank; or

- (b) the director, or any member of the director's immediate family, ~~he~~ is receiving or has received any compensation from the bank or from any of the bank's subsidiaries related corporations (other than compensation received for his or her services as a director or as an employee), at any time during the current or immediately preceding financial year of the bank.

Independence from substantial shareholder

7.— (1) In these Regulations, subject to regulation 8, a director of a company bank incorporated in Singapore or a major stake financial entity shall be is considered to be independent from a substantial shareholder of the company bank or, for the purposes of regulation 21, a parent bank or financial holding company of any other company, as the case may be, if he the director is not that substantial shareholder and is not connected to that substantial shareholder.

(2) Notwithstanding-Despite paragraph (1), a director of a bank incorporated in Singapore which is —

- (a) the immediate wholly-owned subsidiary of another bank, a financial holding company or an insurer licensed or regulated under the Insurance Act 1966 bank incorporated in Singapore (referred to in this paragraph as the parent bank-financial institution);⁵⁵ or

~~(b) the sole subsidiary of a financial holding company which does not carry on any business other than the holding of the bank,~~

~~(b) the immediate wholly-owned subsidiary of a holding company incorporated in Singapore that does not –~~

~~(i) carry on any business other than the holding of the bank; and~~

~~(ii) have ownership interest in any entity other than the bank;~~

~~shall, if he is not a substantial shareholder of the bank incorporated in Singapore, the parent bank or the financial holding company, as the case may be, and is not connected to –~~

~~(i) a substantial shareholder of the bank (other than the parent bank or financial holding company); or~~

~~(ii) a substantial shareholder of the parent bank or financial holding company, as the case may be,~~

shall be treated as if he or she were independent from the substantial shareholder of the bank incorporated in Singapore for the purposes of regulations 9(~~24~~), 10, 12(1), 16(1), 16(2) and 17(1) and 17A(1), if the director –

(i) is not a substantial shareholder of the bank;

(ii) is not a substantial shareholder of the parent financial institution referred to in paragraph (2)(a), or the holding company referred to in paragraph (2)(b), as the case may be;

(iii) is not connected to any substantial shareholder of the bank (other than the parent financial institution

referred to in paragraph (2)(a), or the holding company referred to in paragraph (2)(b), as the case may be);

(iv) is not connected to the parent financial institution referred to in paragraph (2)(a) or holding company referred to in paragraph (2)(b) in a manner referred to in paragraph (3)(b)(ii), (iv), and (v); and

(v) is not connected to a substantial shareholder of the parent financial institution referred to in paragraph (2)(a), or the holding company referred to in paragraph (2)(b), as the case may be.

[S 754/2010 wef 09/12/2010]

(3) For the purposes of paragraph (1), a person is connected to a substantial shareholder if he or she is —

(a) in the case where the substantial shareholder is an individual —

- (i) a member of the immediate family of the substantial shareholder;
- (ii) employed by the substantial shareholder;
- (iii) employed by an affiliate of the substantial shareholder;
- (iv) an executive director of an affiliate of the substantial shareholder;
- (v) a non-executive director of an affiliate of the substantial shareholder;
- (vi) a partner of a firm or a limited liability partnership of which the substantial shareholder is also a partner; or

- (vii) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder; or
- (b) in the case where the substantial shareholder is ~~a corporation~~an entity —
 - (i) employed by the substantial shareholder;
 - (ii) employed by an affiliate of the substantial shareholder;
 - (iii) that is a corporation, a director of the substantial shareholder;
 - (iv) and an affiliate of the substantial shareholder is a corporation, an executive director of ~~the~~an affiliate of the substantial shareholder;
 - (v) and an affiliate of the substantial shareholder is a corporation, a non-executive director of ~~the~~an affiliate of the substantial shareholder;
 - (vi) a partner of a firm or a limited liability partnership of which the substantial shareholder is also a partner; or
 - (vii) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

(4) For the purposes of this regulation, a bank is an immediate wholly-owned subsidiary of a corporation if —

- (a) it is a subsidiary as defined under section 5(1)(a) of the Companies Act 1967; and
- (b) none of the persons holding any ownership interest in the bank, is a person other than the corporation.

Determination of independence by Nominating Committee

8.—(1) The Nominating Committee of a bank incorporated in Singapore or major stake financial entity, as the case may be, may determine —

(a) that a director of the bank who is —

(i) not considered independent from management relationships with the bank or any of its related corporations under regulation 6(2)(aa) or (b)(ii);

~~(i)(ii)~~ not considered independent from business relationships with the bank or any of its related corporations under regulation 6(3)(a) or (b); or

~~(ii)(iii)~~ not considered independent from a substantial shareholder of the bank because of the relationship specified in regulation 7(3)(a)(v) or (b)(v); or

(b) ~~for the purposes of regulation 21(3), that a director of a major stake financial entity, in which the bank acquires or holds a major stake,~~ who is not considered independent from a substantial shareholder of the bank, parent bank or the financial holding company of the bank for the purpose of regulation 21(3) because of the relationship specified in regulation 7(3)(a)(v) or (b)(v),

~~shall~~may nonetheless be considered independent from management relationships or business relationships with the bank, or independent from a substantial shareholder of the bank, parent bank or ~~a substantial shareholder of~~ the financial holding company of the bank, ~~(as the case may be),~~ if the Nominating Committee is satisfied that the director's independent business judgment and ability to act in the

interests of the bank will not be impeded, despite the relationships specified in that regulation.

[S 512/2019 wef 01/08/2019]

(2) If —

- (a) at any time, the Authority is not satisfied that a director is independent ~~notwithstanding despite~~ any determination of the Nominating Committee made under paragraph (1); and
- (b) the lack of independence of that director would ~~result in a failure to comply with any of the requirements underbreach~~ regulation ~~9(1), 9(2),~~ 10(1), 12(1), 16(1), ~~16(2),~~ 17(1) or 17A(1) in the case of a bank, or ~~the requirements under~~ regulation 21(1) in the case of a major stake financial entity,

[S 512/2019 wef 01/08/2019]

the Authority ~~shall~~may, as the case may be —

- (i) direct the bank to rectify the composition of the board of directors or any relevant committee in accordance with the requirements under regulation ~~9(1), 9(2),~~ 10(1), 12(1), 16(1), ~~16(2),~~ 17(1) or 17A(1), as the case may be, within ~~such the~~ time, and subject to ~~such any~~ conditions or restrictions; ~~as that~~ the Authority may specify; or
- (ii) direct the major stake financial entity to rectify the composition of the board of directors in accordance with the requirements under regulation 21(1), within ~~such the~~ time, and subject to ~~such any~~ conditions and restrictions; ~~as that~~ the Authority may specify;

[S 512/2019 wef 01/08/2019]

~~as the case may be.~~

[S 754/2010 wef 09/12/2010]

(3) Where the Authority has given a direction to a bank under paragraph (2), the requirements under regulation 9(1), 9(2), 10(1), 12(1), 16(1), 16(2), 17(1) or 17A(1), ~~(as the case may be), shall do~~ not apply to the bank during the period between the time the Authority makes the direction and the time by which the bank is required to rectify the composition of the board of directors or any relevant committee in accordance with the direction.

[S 754/2010 wef 09/12/2010]

(4) Where the Authority has given a direction to a major stake financial entity under paragraph (2), the requirements under regulation 21(1) shall not apply to the major stake financial entity during the period between the time the Authority makes the direction and the time by which the major stake financial entity is required to rectify the composition of the board of directors in accordance with the direction.

[S 512/2019 wef 01/08/2019]

Board of directors

9.—(1) Subject to paragraphs ~~(2)~~, (3) and (4) and regulations 8(3) and 22, ~~a bank incorporated in Singapore shall have a board of directors comprising --~~

(a) a bank specified in the First Schedule must have at least a majority of directors who are Singapore citizens or permanent residents;

(b) ~~in the case of~~ a foreign-owned bank incorporated in Singapore must have at least one-third of directors who are Singapore citizens or permanent residents; ~~or~~

(c) ~~or~~, in any other case, a bank incorporated in Singapore must have at least a majority of directors who are Singapore citizens or permanent residents; ~~and.~~

(2) Subject to paragraphs (3) and (4) and regulations 8(3) and 22, a bank incorporated in Singapore must have a board of directors comprising –

(a) in the case of a domestic systemically important bank incorporated in Singapore -

(i) at least 7 directors; and

(+)(ii) at least a majority of directors who are independent directors;

[S 754/2010 wef 09/12/2010]

~~(2) Where a~~

(b) in the case of a full bank incorporated in Singapore that is not referred in paragraph (2)(a) —

(i) at least 5 directors; and

—at least a majority of directors who are independent directors;

(ii)

(c) in any other case -

(i) where the bank does not have a single substantial shareholder ~~holding~~ 50% or more of the issued shares capital or controlling 50% or more of the voting power in a bank incorporated in Singapore, paragraph (1)(b) shall not apply to the bank only if the of the bank
==

(A) at least 5 directors; and

(B) at least a majority of directors who are independent directors;

(+)(ii) where the bank has a board of directors comprising—single substantial shareholder holding 50%

or more of the issued shares or controlling 50% or more of the voting power of the bank –

(A) at least 5 directors; and

(B) at least a majority of directors who are independent from management and business relationships with the bank and have not served on the board of the bank for an aggregate period of 9 years or longer (whether before or after a licence is granted to the bank); and

(C) at least one-third of directors who are independent directors.

[S 754/2010 wef 09/12/2010]

(3) If a member of the board of directors resigns or ceases to be a member of the board of directors for any other reason, the bank ~~shall~~must —

(a) notify the Authority of the event within 14 days after the occurrence of the event; and

[S 754/2010 wef 09/12/2010]

(b) on or before its next annual general meeting, appoint ~~such~~the number of new directors ~~as may be~~that is necessary to rectify the composition of the board of directors in accordance with the requirements prescribed under paragraph (1) and (2).

(4) ~~Notwithstanding~~ Despite paragraph (3), the Authority may, upon being notified under paragraph (3)(a), direct the bank to rectify the composition of the board of directors in accordance with the requirements under paragraph (1) and (2) within ~~such~~the time before the next annual general meeting of the bank and subject to ~~such~~any conditions or restrictions ~~as~~that the Authority may specify, and the bank ~~shall~~must comply with that direction.

(5) ~~[Deleted]~~ The board of directors shall maintain records of all its meetings.

(5A) In this regulation —

“foreign entity” means any entity incorporated, formed or otherwise established outside Singapore;

“foreign-owned bank incorporated in Singapore” means a bank incorporated in Singapore which is a subsidiary of a foreign entity;

“subsidiary” has the meaning given by section 5 of the Companies Act 1967, with each reference to another corporation, that other corporation or any corporation replaced with a reference to foreign entity.

(6) Any bank which contravenes paragraph (1) ~~or (2)~~ shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part ~~thereof~~ of a day during which the offence continues after conviction.

(6A) Any bank which contravenes paragraph (3)(a) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

[S 754/2010 wef 09/12/2010]

(7) Any bank ~~which that~~ fails to comply with any ~~condition or restriction imposed by~~ direction, condition or restriction imposed by the Authority under paragraph (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

Responsibilities of the Board

9A.—(1) The board of directors of a bank incorporated in Singapore must:

- (a) set the business objectives of the bank and oversee the implementation of strategies for achieving these objectives by the bank's executive officers;
- (b) review the business objectives and strategies of the bank on a periodic basis and as and when it considers necessary;
- (c) identify, set out in writing and review, on a periodic basis and as and when it considers necessary, the responsibilities and (where applicable) limits of discretionary powers of the executive officers and personnel responsible for the risk management and control functions of the bank;
- (d) establish and implement a framework to ensure that the directors and executive officers of the bank collectively have the requisite qualifications, skill, experience and resources for the sound management of the bank;
- (e) oversee and review, on a periodic basis and as and when it considers necessary, the bank's internal controls to ensure the adequacy of the bank's internal controls in —
 - (i) identifying, addressing and monitoring the risks that can have an impact on the bank's financial soundness; and
 - (ii) safeguarding customers' interest.

(2) The board of directors must assess and opine on the adequacy and effectiveness of the bank's internal controls and publish its opinion in the bank's annual report or on the bank's website at least annually, prior to the bank's annual general meeting;

(3) The board of directors must, at least annually, disclose in the bank's annual report or on the bank's website:

- (a) the identity of each director;

(b) the role and responsibility of each director, including identifying whether the director is the chairperson of the board, member of any board committee, an executive director or a non-executive director;

(c) whether each director had, as at the last day of the financial year, served as a director of the bank for an aggregate period of 9 years or longer; and

(d) whether each director had during the financial year been an independent director.

(4) The board of directors must maintain records of all its meetings.

Appointment of director

9B.—(1) When a person is proposed to be appointed as a director at an annual general meeting of the bank (referred to in this regulation as the candidate), the bank must provide information relating to the candidate in the notice of the meeting, annual report or relevant circular prior to the candidate's appointment, including

=

(a) the date of the candidate's last appointment, where applicable;

(b) the candidate's professional and educational qualifications;

(c) information on any relationships, including immediate family relationships (where applicable), between the candidate and the existing directors, the bank or the bank's substantial shareholders;

(d) a list of all past and current directorships held by the candidate in other companies, if any; and

(e) details of other commitments that are assessed to be significant by the Nominating Committee under regulation 13(3)(b).

Executive Committee

10.—(1) Where the board of directors of a bank incorporated in Singapore has delegated any of its powers for the oversight of the bank to an executive committee or any other committee by whatever name described consisting only of members of the board of directors of the bank (~~referred to as~~ in this Part as an Executive Committee), ~~consisting of such directors as the board of directors thinks fit, regulation 9~~ regulation 9 (other than regulation ~~9(1)(a)~~ 9(2)(a)(i), 9(2)(b)(i) or 9(2)(c)(i)(A) or 9(2)(c)(ii)(A), ~~as the case may be~~) shall apply, with the necessary modifications, to the bank in respect of the Executive Committee as if the Executive Committee were ~~a~~ the board of directors.

(2) Where the bank incorporated in Singapore has established an Executive Committee, the Executive Committee must be chaired by the chairperson of the board.

Committees of board of directors

11.—(1) Subject to paragraph (2), a bank incorporated in Singapore shall have —

- (a) a Nominating Committee;
- (b) a Remuneration Committee;
- (c) an Audit Committee; and
- (d) a Risk Management Committee.

[S 754/2010 wef 09/12/2010]

(1A) A bank incorporated in Singapore shall ensure that every member of each board ~~Committee~~ ~~referred to in paragraph (1)~~

shall have unfettered access to information which the bank is in possession of or has access to, for the purposes of carrying out the responsibilities of the board ~~C~~committee concerned.

[S 754/2010 wef 09/12/2010]

(1AA) A bank incorporated in Singapore must have written terms of reference which clearly set out the authority and duties of each board committee.

(1B) Each Committee referred to in paragraph (1), other than the Risk Management Committee, must consist only of members of the board of directors of the bank.

(2) A bank incorporated in Singapore which is a subsidiary of a financial parent company, or any other bank ~~—or—any~~ insurer, ~~(whether or not licensed or registered in Singapore),~~ need not have a Nominating Committee; or a Remuneration Committee ~~—or a Risk Management Committee~~, subject to the following conditions:

- (a) the board of directors of the first-mentioned bank performs for the first-mentioned bank all the functions of the Nominating Committee; or the Remuneration Committee ~~—or the Risk Management Committee~~, as the case may be, set out in these Regulations; and

[S 754/2010 wef 09/12/2010]

- (b) the first-mentioned bank informs the Authority in writing that the functions of the Nominating Committee; or the Remuneration Committee ~~—or the Risk Management Committee~~, as the case may be, are performed by its board of directors.

[S 754/2010 wef 09/12/2010]

(2A) In this regulation —

“financial parent company” means a financial holding company or a company that is designated, licensed, approved, registered or otherwise regulated in an equivalent capacity by a supervisory authority which is responsible, under the laws of the country or territory where the company is incorporated, formed or established for supervising the company.

(3) Any bank which contravenes paragraph (1), ~~or (1A)~~ or (1B) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part ~~thereof~~ of a day during which the offence continues after conviction.

[S 754/2010 wef 09/12/2010]

Nominating Committee

12.—(1) Subject to paragraphs ~~(2) and~~ (4) and regulations 8(3) and 22, a bank incorporated in Singapore ~~shall~~must have a Nominating Committee comprising —

- ~~(a) in the case of a foreign-owned bank incorporated in Singapore, at least 3 but not exceeding 5 members of the board of directors or, in any other case, 5 members of the board of directors, or such greater number (not exceeding 7) of members of the board of directors as the Authority may approve; and~~
- ~~(b) at least a majority of directors (including the chairman of the Nominating Committee) who are independent directors.~~

[S-754/2010 wef 09/12/2010]

- (a) in the case of a domestic systemically important bank incorporated in Singapore —

- (i) at least 5 members of the board of directors; and
 - (ii) at least a majority of directors (including the chairperson of the Nominating Committee) who are independent directors;
- (b) in the case of a full bank incorporated in Singapore that is not referred in paragraph 1(a) –
 - (i) at least 3 members of the board of directors; and
 - (ii) at least a majority of directors (including the chairperson of the Nominating Committee) who are independent directors;
- (c) in any other case –
 - (i) where the bank does not have a single substantial shareholder holding 50% or more of the issued shares or controlling 50% or more of the voting power of the bank –
 - (A) at least 3 members of the board of directors; and
 - (B) at least a majority of directors (including the chairperson of the Nominating Committee) who are independent directors;
 - (ii) where the bank has a single substantial shareholder holding 50% or more of the issued shares or controlling 50% or more of the voting power of the bank –
 - (A) at least 3 members of the board of directors; and
 - (B) at least a majority of directors who are independent from management and business relationships with the bank and have not served on the board of the bank for an aggregate period of 9 years or longer (whether before or after a licence is granted to the bank); and

(C) at least one-third of directors (including the chairperson of the Nominating Committee) who are independent directors.

~~(2) Where a single substantial shareholder holds 50% or more of the share capital or the voting power in a bank incorporated in Singapore, paragraph (1)(b) shall not apply to the bank only if the bank has a Nominating Committee comprising —~~

~~(a) at least a majority of directors who are independent from management and business relationships with the bank; and~~

~~(b) at least one-third of directors (including the chairman of the Nominating Committee) who are independent directors.~~

[S 754/2010 wef 09/12/2010]

(2) A bank incorporated in Singapore must not have as the chairperson of the Nominating Committee a person who is the chairperson of the board of directors of the bank.

(3) Every member of the Nominating Committee of a domestic systemically important bank incorporated in Singapore or a full bank incorporated in Singapore shall be appointed to hold office until the next annual general meeting following that member's appointment, and shall be eligible for re-appointment.

(3A) The chairperson of the Nominating Committee of a bank incorporated in Singapore shall be appointed to hold office until the next annual general meeting following that chairperson's appointment, and shall be eligible for re-appointment.

(4) If a member of the Nominating Committee resigns, ceases to be a director or for any other reason ceases to be a member of the Nominating Committee —

(a) the bank shall notify the Authority of the event within 14 days after the occurrence of the event; and

- (b) if this results in a breach of any requirement under paragraph (1), the board of directors shall, within 3 months after that event, appoint such number of new members as may be necessary to rectify the composition of the Nominating Committee in accordance with that requirement.

[S 754/2010 wef 09/12/2010]

~~(4A) Where before 9th December 2010, a bank incorporated in Singapore has appointed, as the chairman of its Nominating Committee, any person who is not independent from any substantial shareholder of the bank or who has served on the board of the bank for a continuous period of 9 years or longer, the bank shall not be prohibited from re-appointing that person as chairman of the Nominating Committee immediately upon the expiry of the earlier term of appointment.~~

[S 754/2010 wef 09/12/2010]

(5) Any bank which contravenes paragraph (1) or (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part ~~thereof~~ of a day during which the offence continues after conviction.

(6) Any bank which contravenes paragraph (4)(a) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

[S 754/2010 wef 09/12/2010]

Responsibilities of Nominating Committee

13.—(1) The Nominating Committee of a bank incorporated in Singapore shall identify the candidates and review all nominations for the appointment of —

(a) the chairperson of the board;

(b) each director;

~~(a)~~(c) the chairperson of each board committee;

~~(b)~~(d) each member of each board committee;

[S 754/2010 wef 09/12/2010]

~~(e)~~(e) the chief executive ~~officer~~ and deputy chief executive officer;

[S 754/2010 wef 09/12/2010]

~~(d)~~(f) the chief financial officer;

[S 754/2010 wef 09/12/2010]

~~(e)~~(g) the chief risk officer; and

[S 754/2010 wef 09/12/2010]

~~(f)~~(h) in the case of a domestic systemically important bank incorporated in Singapore, the chief information officer,

of the bank.

(2) Subject to paragraph (3), the Nominating Committee ~~shall~~ must determine the criteria to be applied in identifying a candidate or reviewing a nomination for the purposes of this Part.

(3) The criteria to be applied in identifying a candidate or reviewing a nomination for the purposes of this Part ~~shall~~ must include the following:

(a) the appointment of the candidate or nominee will not result in non-compliance with the requirements under regulations 9(1), 9(2), 10, 11(1B), 12(1), 12(2), 16(1), 16(2), 16(2A), 17(1), 17(1A), and 17A(1), 17A(1A) and 20(1); and

[S 754/2010 wef 09/12/2010]

(b) the candidate or nominee is a fit and proper person for the office and is qualified for the office, taking into account the candidate's or nominee's track record, age, experience,

capabilities, skills, the fit and proper criteria set out in the Guidelines on Fit and Proper Criteria, commitments assessed to be significant by the Nominating Committee and such other relevant factors as may be determined by the Nominating Committee.

[S 754/2010 wef 09/12/2010]

(3A) The Nominating Committee ~~shall~~must review the reasons provided by each of the persons referred to in paragraph (1) for his or her resignation from his or her appointment in the bank.

[S 754/2010 wef 09/12/2010]

(4) The Nominating Committee ~~shall~~must maintain records of all its meetings.

(5) The Nominating Committee must —

(a) determine, prior to a person's appointment as a director and every annual general meeting of a bank incorporated in Singapore —

(i) whether the person is independent from management and business relationships with the bank;

(ii) whether the person is independent from any substantial shareholder of the bank; and

(iii) whether the person has served on the board of the bank for an aggregate period of 9 years or longer (whether before or after a licence is granted to the bank),

using the criteria set out in regulation 6 or 7 (as the case may be) and, where applicable, in accordance with regulation 8;

(b) review and assess, before every annual general meeting of the bank incorporated in Singapore, whether each

existing director remains qualified for the office using the criteria set out in regulation 13(3); and

(c) maintain a record of its determination and its assessment, respectively.

(6) If —

(a) at any time, the Authority is not satisfied that a director is independent despite any determination of the Nominating Committee made under regulation 13(5)(a); and

(b) the lack of independence of that director would breach regulation 9(2), 10(1), 12(1), 16(1), 16(2), 17(1) or 17A(1),

the Authority shall direct the bank to rectify the composition of the board of directors or any relevant committee in accordance with the requirements under regulation 9(2), 10(1), 12(1), 16(1), 16(2), 17(1) or 17A(1), as the case may be, within such time, and subject to such conditions or restrictions, as the Authority may specify.

(7) The Nominating Committee must, before any director or executive officer of a bank incorporated in Singapore enters into any proposed arrangement with the bank or any company, assess whether the arrangement would give rise to a conflict of interest with the director's or executive officer's responsibilities in the bank, or would otherwise impair the director's or executive officer's ability to discharge his or her duties in respect of the bank.

(8) In the case where the Nominating Committee has assessed under paragraph (7) that there would be a conflict of interest or impairment of ability to discharge duties in respect of the bank, the Nominating Committee must assess and ensure that any measures that the bank proposes to put in place, or has put in place, are adequate to mitigate such conflict or impairment.

(9) The arrangements referred to in paragraph (7) include, but are not limited to, the following:

- (a) any proposed arrangement that would result in a director or executive officer of a bank becoming a director or executive officer of any company, in addition to his or her position in the bank; and
- (b) any proposed arrangement that would result in a change in the reporting structure of the executive officer.

(10) For the purposes of regulation 6(3), the Nominating Committee shall determine the criteria to assess if a payment is a significant payment.

(11) If at any time, the Authority is not satisfied with the Nominating Committee's criteria to determine a significant payment or the Nominating Committee's assessment of whether a payment is a significant payment, the Authority may direct the bank to review and amend the criteria or assessment, as the case may be.

(12) Where the Authority has given a direction to a bank under paragraph (11), the requirements under regulation 9(2), 10(1), 12(1), 16(1), 16(2), 17(1) or 17A(1), (as the case may be), shall not apply to the bank during the period between the time the Authority makes the direction and the time by which the bank is required to rectify the composition of the board of directors or any relevant committee in accordance with the direction.

(13) Where a bank incorporated in Singapore referred to in regulation 11(2) does not have a Nominating Committee, this regulation shall apply, with necessary modifications, to the bank as if the board of directors of the bank were the Nominating Committee.

(14) In this regulation —

“chief information officer” in relation to a domestic systemically important bank incorporated in Singapore, means any person, by whatever name described, who —

(a) is in the direct employment of, or acting for or by arrangement with, the bank;

(b) has a direct reporting line to the chief executive; and

(c) is principally responsible for all or any part of the following for the bank:

(i) establishing and implementing its overall information technology strategy;

(ii) overseeing its day-to-day information technology operations;

(iii) managing its information technology risks.

~~Determination of independence of directors and assessment of qualification~~

~~14.—(1) Where a person is proposed to be appointed as a director, prior to his appointment, the Nominating Committee —~~

~~(a) shall determine —~~

~~(i) whether he is independent from management and business relationships with the bank; and~~

~~(ii) whether he is independent from any substantial shareholder of the bank,~~

~~using the criteria set out in regulation 6 or 7, as the case may be, and, where applicable, in accordance with regulation 8; and~~

~~(b) shall maintain a record of its determination.~~

[S 754/2010 wef 09/12/2010]

~~(2) Prior to every annual general meeting of a bank incorporated in Singapore, the Nominating Committee —~~

~~(a) shall determine —~~

~~(i) whether each existing director is independent from management and business relationships with the bank; and~~

~~(ii) whether each existing director is independent from any substantial shareholder of the bank,~~

~~using the criteria set out in regulation 6 or 7, as the case may be, and, where applicable, in accordance with regulation 8;~~

~~(aa) shall review and assess whether each existing director remains qualified for the office using the criteria set out in regulation 13(3); and~~

~~[S 754/2010 wef 09/12/2010]~~

~~(b) shall maintain a record of its determination and its assessment, respectively.~~

~~[S 754/2010 wef 09/12/2010]~~

Furnishing information to Authority

15.—(1) A bank incorporated in Singapore ~~shall~~must, after its Nominating Committee has concluded its deliberations in respect of the matters under regulations 13 ~~and 14~~ and the board of directors has concurred with the Nominating Committee —

(a) notify the Authority in writing of the particulars of the persons proposed to be appointed to the positions referred to in regulation 13(1)(a), ~~and (b), (c) and (d)~~, including whether the requirements for independence in regulations 6 and 7 are satisfied;

(aa) ~~notify~~ the Authority in writing of the review and assessment of each existing director referred to in regulation ~~13(5)(b)14(2)(aa)~~;

- (b) in the case where the Nominating Committee has made a determination under regulation 8, provide the Authority with the Nominating Committee's explanation of its decision as to why the director should be considered independent; and
- (c) furnish to the Authority such other information as the Authority may require.

(2) Any bank which contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part ~~thereof~~ of a day during which the offence continues after conviction.

Remuneration Committee

16.—(1) Subject to paragraphs (2) ~~and~~, (5) ~~and (6)~~ and regulations 8(3) and 22, a bank incorporated in Singapore ~~shall~~ must have a Remuneration Committee comprising —

- (a) at least 3 members of the board of directors of the bank; and
- (b) at least a majority of directors (including the ~~chairman~~ chairperson of the Remuneration Committee) who are independent directors.

(2) In the case of a bank incorporated in Singapore which is not a domestic systemically important bank incorporated in Singapore, and has ~~Where~~ a single substantial shareholder holding 50% or more of the issued shares ~~the share capital~~ or controlling 50% or more of the voting power in ~~a the~~ bank, ~~incorporated in Singapore,~~

paragraph (1)(b) shall not apply to the bank only if the bank has a Remuneration Committee comprising —

- (a) at least a majority of directors who are independent from management and business relationships with the bank and have not served on the board of the bank for an aggregate period of 9 years or longer (whether before or after a licence is granted to the bank); and
- (b) at least one-third of directors (including the ~~chairman~~chairperson of the Remuneration Committee) who are independent directors.

[S 754/2010 wef 09/12/2010]

(2A) All members of the Remuneration Committee of a bank incorporated in Singapore must be non-executive directors.

(3) In addition to such other responsibilities as may be determined by the board of directors of a bank incorporated in Singapore, the Remuneration Committee of the bank ~~shall~~must be responsible for —

- (a) recommending to the board of directors for their review a framework for determining the remuneration of the directors of the bank;
 - (aa) determining the criteria to be applied in identifying material risk personnel which must at the minimum include the following —
 - (i) the risks that the bank is or may be exposed to; and
 - (ii) the materiality of impact that the bank's material risk personnel's decision or activity has on the risks referred to in sub-paragraph (aa)(i);
- (b) recommending to the board of directors for their review a framework for determining the remuneration of ~~the executive officers~~a material risk taker of the bank which

~~shall~~must include the following elements and factors in the design and operation of the framework:

(i) the remuneration ~~package~~ of each ~~executive officer~~
material risk taker of the bank —

(A) ~~shall~~must be aligned to the specific job functions undertaken by the ~~executive officer~~
material risk taker and, where the ~~executive officer~~
material risk taker undertakes any of the bank's control job functions, the remuneration ~~package~~ of that ~~executive officer~~
material risk taker shall be determined independently of the business functions of the bank;

(B) ~~shall~~must, where the material risk taker is an ~~executive officer~~, take into account input from ~~the other board committees overseeing the bank's control job functions and the employees in~~ the bank's control job functions as may be relevant to the specific job function undertaken by the executive officer;

(C) ~~shall~~must be aligned with the risks that the bank undertakes in its business that is relevant to the specific job function undertaken by the ~~executive officer~~
material risk taker;

(D) ~~shall~~must be sensitive to the time horizon of risks that the bank is exposed to which includes ensuring that variable compensation payments shall not be finalised over short periods of time when risks are realised over long periods of time;

(E) ~~shall~~must, in relation to the quantum of bonus payable to the ~~executive officer~~
material risk

taker, be linked to his or her personal performance, the performance of his or her specific job function as a whole and the overall performance of the bank; and

(F) ~~shall~~must, in relation to the rationale for the mix of cash, equity and other forms of incentives, be justified; ~~and~~

(ii) the size of the bonus pool of the bank ~~shall~~must be linked to the overall performance of the bank;

(c) recommending to the board of directors for their review the remuneration of each director ~~and executive officer~~ of the bank based on the frameworks referred to in sub-paragraphs (a) ~~and (b), respectively; and~~

(ca) recommending to the board of directors for their review the remuneration of all material risk takers of the bank in aggregate based on –

(i) the framework referred to in sub-paragraph (b);
and

(ii) where the material risk taker is an executive officer,
input from the other board committees overseeing
the bank's control job functions in relation to the
remuneration of that material risk taker;

(d) reviewing, at least once in each year, the remuneration practices of the bank to ensure that they are aligned with ~~the recommendations made in accordance with~~ sub-paragraphs (a), ~~(b) and (e) to (ca)~~.

[S 754/2010 wef 09/12/2010]

___(3A) In paragraph (3) —

“business functions” means the job functions in the bank ~~that~~ conduct relating to the conduct of risk-taking activities in relation to the business of the bank;

“control job functions” means the following job functions:

- (a) risk ~~control and~~ management;
- (b) finance;
- (c) compliance;
- (d) internal audit;
- (e) human resources; and
- (f) risk control related ~~back office~~ operations and technology.

[S 754/2010 wef 09/12/2010]

(3B) Where the Remuneration Committee of a bank incorporated in Singapore relies on a remuneration framework established by its parent bank for determining the remuneration of a material risk taker, the Remuneration Committee must review and ensure that the remuneration framework includes the elements and factors referred to in paragraph (3)(b) in its design and operation.

(3C) Where a bank incorporated in Singapore referred to in regulation 11(2) does not have a Remuneration Committee, --

- (a) paragraphs (3)(aa), (3)(d), (3A) and (3B) shall apply, with necessary modifications, to the bank as if the board of directors of the bank were the Remuneration Committee;
- (b) the board of directors of the bank must –
 - (i) review the framework for determining the remuneration of the directors of the bank;

- (ii) review the framework for determining the remuneration of a material risk taker of the bank and ensure that the elements and factors in paragraph (3)(b) are included in the design and operation of the framework;
- (iii) review the remuneration of each director of the bank based on the framework referred to in subparagraph (b)(i);
- (iv) review the remuneration of all material risk takers of the bank in aggregate based on –
 - (A) the framework referred to in subparagraph (b)(ii); and
 - (B) where the material risk taker is an executive officer, input from the board committees overseeing the bank's control job functions in relation to the remuneration of that material risk taker.

(4) The Remuneration Committee ~~shall~~must maintain records of all its meetings.

(5) If a member of the Remuneration Committee resigns, ceases to be a director or for any other reason ceases to be a member of the Remuneration Committee —

- (a) the bank ~~shall~~must notify the Authority of the event within 14 days after the occurrence of the event; and
- (b) if this results in a breach of any requirement under paragraph (1), the board of directors shall, within 3 months after that event, appoint such number of new members as may be necessary to rectify the composition of the Remuneration Committee in accordance with that requirement.

(6) ~~[Deleted]—Where before 9th December 2010, a bank incorporated in Singapore has appointed, as the chairman of its Remuneration Committee, any person who is not an independent director, the bank shall not be prohibited from re-appointing that person as chairman of the Remuneration Committee immediately upon the expiry of the earlier term of appointment.~~

(7) Any bank which contravenes paragraph (1) or (2A) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part ~~thereof~~ of a day during which the offence continues after conviction.

(8) Any bank which contravenes paragraph (5)(a) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

Audit Committee

17.—(1) Subject to paragraph (4) and regulations 8(3) and 22, a bank incorporated in Singapore ~~shall~~ must have an Audit Committee comprising —

- (a) at least 3 members of the board of directors of the bank all of whom are independent from management and business relationships with the bank; and
- (b) at least a majority of directors (including the ~~chairman~~ chairperson of the Audit Committee) who are independent directors.

(1A) A domestic systemically important bank incorporated in Singapore must not have as the chairperson of the Audit Committee:

(a) a person who is the chairperson of the board of directors of the bank;

(b) a person who is the chairperson of the Risk Management Committee, Nominating Committee or Remuneration Committee; or

(c) a person who is a member of the Risk Management Committee.

(2) The Audit Committee ~~shall~~must, in addition to such other responsibilities as may be determined by the board of directors or provided under written law; —

(a) be responsible for the adequacy of the external and internal audit functions of the bank, including reviewing the scope and results of audits carried out in respect of the operations of the bank and the independence and objectivity of the bank's external auditors; ;

(b) comment on whether the bank's internal audit function is independent, effective and adequately resourced, and publish the comment in the bank's annual report or the bank's website; and

(c) state in the bank's annual report or the bank's website (as the case may be), --

(i) whether it agrees or does not agree with the opinion of the board of directors pursuant to regulation 9A(2); and-

(ii) if it does not agree, its reasons for disagreeing.

(3) The Audit Committee ~~shall~~must maintain records of all its meetings.

(4) If a member of the Audit Committee resigns, ceases to be a director or for any other reason ceases to be a member of the Audit Committee —

- (a) the bank ~~shall~~must notify the Authority of the event within 14 days after the occurrence of the event; and
- (b) if this results in a breach of any requirement under paragraph (1), the board of directors ~~shall~~must, within 3 months after that event, appoint such number of new members as may be necessary to rectify the composition of the Audit Committee in accordance with that requirement.

[S 754/2010 wef 09/12/2010]

(5) Any bank which contravenes paragraph (1) ~~or (1A)~~ shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part ~~thereof~~ of a day during which the offence continues after conviction.

(6) Any bank which contravenes paragraph (4)(a) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

[S 754/2010 wef 09/12/2010]

Risk Management Committee

17A.—(1) Subject to paragraph (4) and regulations 8(3) and 22, a bank incorporated in Singapore ~~shall~~must have a Risk Management Committee comprising —

(a) at least 3 members of the board of directors of the bank; and

(b) at least a majority of directors (including the ~~chairman~~chairperson of the Risk Management Committee) who ~~are~~ non-executive directors

(i) in the case of a domestic systemically important bank incorporated in Singapore, are independent directors;
or

(i)(ii) in any other case, are independent from management and business relationships with the bank; and have not served on the board of the bank for an aggregate period of 9 years or longer (whether before or after a licence is granted to the bank).

(1A) A domestic systemically important bank incorporated in Singapore must not have any of the following persons as the chairperson of the Risk Management Committee:

- (a) a person who is the chairperson of the board of directors of the bank; or
- (b) a person who is the chairperson of the Audit Committee, Nominating Committee or Remuneration Committee.

(2) The Risk Management Committee shall, in addition to such other responsibilities as may be determined by the board of directors, be responsible for overseeing —

- (a) the establishment and the operation of an independent risk management system for managing risks on an enterprise-wide basis; and
- (b) the adequacy of the risk management function of the bank, including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines.

(3) The Risk Management Committee shall maintain records of all its meetings.

(4) If a member of the Risk Management Committee resigns, ceases to be a director or for any other reason ceases to be a member of the Risk Management Committee —

- (a) the bank ~~shall~~must notify the Authority of the event within 14 days after the occurrence of the event; and

(b) if this results in a breach of any requirement under paragraph (1), the board of directors ~~shall~~must, within 3 months after that event, appoint such number of new members as may be necessary to rectify the composition of the Risk Management Committee in accordance with that requirement.

(5) Any bank which contravenes paragraph (1) or (1A) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part ~~thereof of a~~ day during which the offence continues after conviction.

(6) Any bank which contravenes paragraph (4)(a) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

[S 754/2010 wef 09/12/2010]

18. *[Deleted by S 512/2019 wef 01/08/2019]*

18A. *[Deleted by S 512/2019 wef 01/08/2019]*

Executive officers

19.—(1) A bank incorporated in Singapore ~~shall~~must not appoint any person as its executive officer while that person is concurrently

(a) employed by a substantial shareholder of the bank, where the substantial shareholder is a non-financial entity ~~(other than, in the case where the bank is a subsidiary of another bank incorporated in Singapore (referred to in this regulation as the parent bank), the parent bank or, in the case where the bank is a subsidiary of a financial holding company, the financial holding company);~~

- (b) an executive officer of an affiliate of a substantial shareholder of the bank, where the affiliate is a non-financial entity;
- (c) where the bank is a subsidiary of a ~~parent~~ bank, incorporated in Singapore (referred in this regulation as parent bank), employed by a non-financial entity which is a substantial shareholder of the parent bank or an non-financial entity which is an affiliate of the substantial shareholder of the parent bank; or
- (d) where the bank is a subsidiary of a financial holding company, employed by a non-financial entity which is a substantial shareholder of the financial holding company or an non-financial entity which is an affiliate of the substantial shareholder of the financial holding company.

(1A) For the purposes of this regulation, “non-financial entity” refers to an entity which carries on any business the conduct of which is not regulated or authorised by the Authority or, if carried on in Singapore, would not be regulated or authorised by the Authority under any written law.

(2) Any bank which contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part ~~thereof~~ of a day during which the offence continues after conviction.

Separation of roles

20.—(1) ~~Subject to paragraph (2), a~~ A bank incorporated in Singapore ~~shall~~ must not appoint any of the following persons as the ~~chairman~~ chairperson of its board of directors:

- (a) any of its executive directors;

- (b) any person who is a member of the immediate family of the chief executive ~~officer~~ of the bank.

[S 754/2010 wef 09/12/2010]

~~(2) Where before 9th December 2010, a bank incorporated in Singapore has appointed, as the chairman of its board of directors, a person who is a member of the immediate family of the chief executive officer of the bank, the bank shall not be prohibited from reappointing that person as the chairman of its board of directors —~~

~~(a) for the period from 9th December 2010 until the date on which the bank holds or is required by law to hold its annual general meeting for the year 2011; and~~

~~(b) for the period between every subsequent annual general meetings thereafter subject to the prior written approval of the Authority and such conditions as the Authority may impose.~~

[S 754/2010 wef 09/12/2010]

~~(2A) The Authority may, at any time, by notice in writing to a bank incorporated in Singapore, vary any condition imposed under paragraph (2)(b), or impose such further condition as it thinks fit, and the bank shall comply with such conditions.~~

[S 754/2010 wef 09/12/2010]

(3) Any bank ~~which~~that contravenes paragraph (1) ~~or fails to comply with any condition imposed under paragraph (2)(b) or (2A)~~ shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part ~~thereof~~of a day during which the offence continues after conviction.

Corporate governance requirements applicable to major stake financial entity

21.—(1) Subject to paragraph (2) and regulation 8(4), a major stake financial entity shall have a board of directors, the majority of whom —

- (a) where the bank is a subsidiary of another bank incorporated in Singapore (referred to in this regulation as the parent bank), are independent from the substantial shareholders of the bank (other than the parent bank) and the substantial shareholders of the parent bank;
- (b) where the bank is a subsidiary of a financial holding company, are independent from the substantial shareholders of the bank (other than the financial holding company) and the substantial shareholders of the financial holding company; or
- (c) in any other case, are independent from all substantial shareholders of the bank.

[S 512/2019 wef 01/08/2019]

(2) Where a single substantial shareholder holds 50% or more of the share capital or the voting power in a major stake financial entity, paragraph (1) shall not apply to the major stake financial entity in respect of the independence of its directors from that substantial shareholder.

[S 512/2019 wef 01/08/2019]

(3) The Nominating Committee of a major stake financial entity or, where the entity does not have a Nominating Committee, the Nominating Committee of the bank which has a major stake in the entity (referred to in this regulation as the relevant Nominating Committee) shall determine —

- (a) where a person is proposed to be appointed as a director of a major stake financial entity, prior to the person's appointment; or
- (b) in the case of an existing director of a major stake financial entity, prior to every annual general meeting of the major stake financial entity,

whether the person or director is independent of a substantial shareholder of the bank, parent bank or financial holding company, as the case may be, using the criteria set out in regulation 7 and, where applicable, in accordance with regulation 8.

[S 512/2019 wef 01/08/2019]

(4) A major stake financial entity shall not, without the prior approval of the Authority, appoint any person as its executive officer while that person is concurrently —

- (a) employed by a substantial shareholder of a bank which holds a major stake in the entity, where the substantial shareholder is a non-financial entity ~~(other than, in the case where the bank is a subsidiary of a parent bank, the parent bank or, in the case where the bank is a subsidiary of a financial holding company, the financial holding company)~~;

[S 512/2019 wef 01/08/2019]

- (b) an executive officer of an affiliate of a substantial shareholder of the bank, where the affiliate is a non-financial entity;
- (c) where the bank is a subsidiary of a parent bank, employed by a non-financial entity which is a substantial shareholder of the parent bank or a non-financial entity which is an affiliate of the substantial shareholder of the parent bank; or

- (d) where the bank is a subsidiary of a financial holding company, employed by a non-financial entity which is a substantial shareholder of the financial holding company or ~~a~~ non-financial entity which is an affiliate of a substantial shareholder of the financial holding company.

[S 512/2019 wef 01/08/2019]

(4A) For the purposes of this regulation, “non-financial entity” has the meaning given to it by regulation 19(1A).

- (5) Any major stake financial entity which contravenes paragraph (1) or (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part ~~thereof~~ of a day during which the offence continues after conviction.

[S 512/2019 wef 01/08/2019]

[S 512/2019 wef 01/08/2019]

Exceptions for purposes of this Part

22.—(1) Subject to paragraphs (2) and (3), the requirements under regulations 9~~(1)~~, 10, 12~~(1)~~, 16~~(1)~~, 17~~(1)~~ and 17A~~(1)~~ shall not apply in relation to a bank incorporated in Singapore —

(a) where —

- (i) there is a change in the status of a director under regulation 6 or 7 during the period between the date immediately after the date of the director’s appointment and the date immediately before the next annual general meeting of the bank; and
- (ii) the bank could not reasonably have known of that change on or before the date of the director’s appointment; or

(b) where —

- (i) there is a change in the status of a director under regulation 6 or 7 during the period between the date immediately after an annual general meeting of the bank and the date immediately before the next annual general meeting of the bank (other than the period referred to in sub-paragraph (a)(i)); and
- (ii) the bank could not reasonably have known of that change on or before the date of the first-mentioned annual general meeting.

[S 754/2010 wef 09/12/2010]

(2) Paragraph (1) shall not apply unless, in the circumstances referred to in paragraph (1)(a)(i) or (b)(i), the bank, within 14 days after becoming aware of the change in the status of the director, notifies the Authority of the change and, subject to paragraph (3) —

- (a) in respect of any requirement under regulation 9~~(1)~~, at the next annual general meeting, appoints such number of new directors as may be necessary to rectify the composition of the board of directors in accordance with that requirement; or
- (b) in respect of any requirement under regulation 10, 12~~(1)~~, 16~~(1)~~, 17~~(1)~~ or 17A~~(1)~~, within 3 months after notifying the Authority of the change of status of the director, appoints such number of new members as may be necessary to rectify the composition of the relevant committee in accordance with that requirement.

[S 754/2010 wef 09/12/2010]

(3) Notwithstanding paragraph (2), the Authority may, upon being notified of a change in the status of a director under paragraph (2), direct the bank —

- (a) to appoint such number of new directors as may be necessary to rectify the composition of the board of

directors in accordance with the requirements under regulation 9~~(1)~~ within such time before the next annual general meeting of the bank and subject to such conditions or restrictions as the Authority may specify; or

- (b) to appoint such number of new members as may be necessary to rectify the composition of the relevant committee in accordance with the requirements under regulation 10, 12~~(1)~~, 16~~(1)~~, 17~~(1)~~ or 17A~~(1)~~, as the case may be, within such time before the expiration of 3 months from the date the bank notifies the Authority of the change and subject to such conditions or restrictions as the Authority may specify,

and the bank shall comply with that direction.

[S 754/2010 wef 09/12/2010]

(4) Any bank which fails to comply with any condition or restriction imposed by the Authority under paragraph (3) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

PART III

[Deleted by S 503/2022 wef 30/06/2022]

PART IV

~~[Deleted]~~

EXEMPTION

Exemption

~~39.—(1) The Authority may, on the application of any bank incorporated in Singapore or major stake financial entity (each referred to in this regulation as the applicant), by notice in~~

~~writing exempt the applicant from all or any of the provisions of these Regulations, subject to such conditions as the Authority may determine, if the Authority considers it appropriate to do so in the circumstances of the case.~~

~~[S 512/2019 wef 01/08/2019]~~

~~[S 503/2022 wef 30/06/2022]~~

~~(2) Any applicant which fails to comply with any condition imposed by the Authority under paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.~~

~~(3) An exemption granted under paragraph (1) may be withdrawn by the Authority at any time.~~

PART V

~~40.~~ [Deleted by S 754/2010 wef 09/12/2010]

FIRST SCHEDULE

Regulation 9(1)

SPECIFIED BANKS

1. GXS Bank Pte. Ltd.

2. MariBank Singapore Private Limited