



Monetary Authority of Singapore

Consultation Paper

P016-2026

September 2026

Consultation Paper on Amendments to Corporate Governance Regulations for Banks, Insurers and Designated Financial Holding Companies



Contents

1.	Preface	3
A.	Common requirements for banks, insurers and DFHCs	5
2.	Criteria for Assessing the Independence of Directors	6
3.	Requirements on Board and Board Committees	15
4.	Responsibilities of the Board and Board Committees	31
5.	Other Proposed Amendments to the CG Regulations	34
6.	Disclosures of Related Party Transactions (RPT)	39
B.	Requirements applicable only to banks and DFHCs (Bank)	40
7.	Local Representation Requirement on Executive Committee	41
8.	Restrictions on Individuals Holding Concurrent Key Appointments	42
9.	Ex-ante Approval Requirements for DFHCs, Banks and Merchant Banks	44
C.	Requirements applicable only to insurers and DFHCs (Licensed Insurer)	50
10.	Tiering of Insurers and DFHCs (Licensed Insurer)	51
11.	Requirements specific to Special Purpose Reinsurance Vehicles (SPRV)	53
12.	Ex-ante Approval Requirements for Insurers	55
D.	Transition timelines	58
13.	Transition Timelines	59
14.	Annex A – List of Questions	60



1. Preface

- 1.1. Sound corporate governance (CG) lies at the heart of a well-functioning organisation. For financial institutions (FIs) in particular, the quality of governance is not merely a matter of internal management. FIs like banks and insurers occupy a unique position in the economy: they hold deposits, underwrite risks and provide essential services that individuals and businesses rely on. The consequences of governance failures in a FI can extend far beyond the institution itself.
- 1.2. The Monetary Authority of Singapore (MAS) regulates the CG practices of FIs in Singapore through a range of instruments, including prescribing regulations, notices and guidelines.
- 1.3. When calibrating CG standards across regulated FIs, more stringent CG requirements would be expected of FIs that are systemically important or critical to the domestic financial system, have a higher potential impact, or undertake business that poses a greater risk of conflict with customers' interests.¹ For designated financial holding companies (DFHCs) that hold a bank or insurer subsidiary (or both), MAS intends to subject them to the same CG standards as their subsidiary, since DFHCs and their subsidiaries are closely linked and their risks are typically managed as a whole.
- 1.4. This consultation seeks views on MAS' proposals to amend 5 instruments, namely the:
 - (a) Banking (Corporate Governance) Regulations 2005 ("Banking CG Regulations");
 - (b) Banking Regulations ("Banking Regulations");
 - (c) Insurance (Corporate Governance) Regulations 2013 ("Insurance CG Regulations");
 - (d) Financial Holding Companies (Corporate Governance of Designated Financial Holding Companies with Bank Subsidiary) Regulations 2022 ("DFHC (Bank) CG Regulations"); and
 - (e) Financial Holding Companies (Corporate Governance of Designated Financial Holding Companies with Licensed Insurer Subsidiary) Regulations 2022 ("DFHC (Licensed Insurer) CG Regulations").

The proposed amendments mainly apply to banks, direct insurers (other than marine mutual insurers), reinsurers and DFHCs that are incorporated in Singapore (collectively, "locally incorporated FIs"). Certain proposals in Section 9 also apply to bank branches and merchant banks.

¹ Please refer to Appendix 4 of MAS' Framework for Impact and Risk Assessment of Financial Institutions for the principles which MAS takes into consideration when calibrating CG standards across FIs: <https://www.mas.gov.sg/publications/monographs-or-information-paper/2007/mas-framework-for-impact-and-risk-assessment-of-financial-institutions>



- 1.5. In November 2021, MAS issued the revised Guidelines on Corporate Governance for financial institutions incorporated in Singapore (“CG Guidelines”). MAS is also seeking feedback on changes to the CG Guidelines (Section 6) pertaining to related party transactions. This stems from feedback received on the expectation for FIs to disclose material related party transactions during MAS’ consultation on revisions to the CG Guidelines in 2021. At the time, we had signalled our intent to review the said guideline further.
- 1.6. The Corporate Governance Advisory Committee (CGAC) has been reviewing the Code of Corporate Governance for listed companies, to uplift market-wide expectations and norms for the Boards’ role in value creation and investor engagement. MAS will consider the outcome of the CGAC’s review and assess whether any further changes to the CG framework applicable to FIs are warranted. Any such changes will be consulted on separately at a later stage.
- 1.7. The draft amendments to the Banking CG Regulations, Banking Regulations and Insurance CG Regulations are provided as separate attachments to this consultation paper for the industry’s reference.² MAS will provide the draft versions of the revised DFHC (Bank) CG Regulations and DFHC (Licensed Insurer) CG Regulations to relevant industry participants for comments at a later date.
- 1.8. MAS welcomes comments on the proposals set out in the following sections of this consultation paper by 9 December 2026 via the [FormSG link](#).
- 1.9. Please note that all submissions received will be published and attributed to the respective respondent unless they expressly request MAS not to do so. As such, if respondents would like:
- (a) their whole submission or part of it (but not their identity), or
 - (b) their identity along with their whole submission,

to be kept confidential, please expressly state so in the submission to MAS. MAS will only publish non-anonymous submissions. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libelous or offensive.

² Disclaimer: These versions of the regulations are in draft form and are subject to change. They are also subject to review by the Attorney-General’s Chambers.



A. Common requirements for banks, insurers and DFHCs



2. Criteria for Assessing the Independence of Directors

- 2.1. Currently, a director of a locally incorporated FI is deemed fully independent if he or she satisfies the following four limbs:
- (a) independence from management relationships with the locally incorporated FI;
 - (b) independence from business relationships with the locally incorporated FI;
 - (c) independence from substantial shareholders of the locally incorporated FI; and
 - (d) has not served on the Board of the locally incorporated FI for a continuous period of 9 years or longer.
- 2.2. MAS intends to fine-tune the criteria for each of these four limbs, to better address the risks of certain relationships that could undermine a director's independence in acting in the best interests of the locally incorporated FI. Our proposals also seek to align MAS' independence rules for locally incorporated FIs more closely with the SGX's Listing Rules (SGX-LR) and Practice Guidance for listed companies.

Independence from management and business relationships

- 2.3. Under the existing Banking CG Regulations, Insurance CG Regulations, DFHC (Bank) CG Regulations and DFHC (Licensed Insurer) CG Regulations (collectively, the "CG Regulations"), a director is considered independent from management and business relationships with a locally incorporated FI if:
- (a) the director has no management relationship with the FI or any of its subsidiaries; and
 - (b) the director has no business relationship with the FI or any of its subsidiaries, or with any officer of the FI
- that could interfere, or be reasonably regarded as interfering, with the exercise of the director's independent business judgement with regard to the interests of the FI.
- 2.4. MAS proposes to widen the existing scope of management and business relationships with a locally incorporated FI and its subsidiaries, to also include related corporations³. Such

³ Related corporations refer to the locally incorporated FI's parent company, subsidiaries and other subsidiaries of the locally incorporated FI's parent company (i.e. sister companies).



relationships with the FI's related corporations could likewise interfere with a director's independent business judgement. This aligns the CG Regulations to the MAS CG Guidelines and SGX's Practice Guidance. Further elaboration on how the widened scope applies to management and business relationships can be found in the sections below.

Independence from management relationships

2.5. Under the existing CG Regulations, the criteria for assessing a director's independence from management relationships consider:

- (a) the director's employment with the locally incorporated FI or any of its subsidiaries during the current or preceding 3 financial years; and
- (b) the employment of the director's immediate family member with the locally incorporated FI or any of its subsidiaries during the current or preceding 3 financial years, or as an executive officer (EO) whose compensation is determined by the Remuneration Committee (RC)⁴ of the locally incorporated FI or any of its subsidiaries.

2.6. In 2021⁵, MAS had considered widening the scope⁶ of management relationships to cover:

- (a) a director's employment with the locally incorporated FI's related corporations; and
- (b) a director's immediate family members' employment with the locally incorporated FI and its related corporations –
 - (i) in the capacity of an EO or other material risk personnel (MRP)⁷; or
 - (ii) where the immediate family member's compensation is decided by the RC of the locally incorporated FI or its related corporations.

2.7. MAS' intent was to capture scenarios such as where a director of the locally incorporated FI is also a regional head or part of the Head Office management team, whom the Chief Executive Officer (CEO) of the locally incorporated FI reports to. In such a case, this director of the locally

⁴ For locally incorporated FIs which do not have a RC, the board is expected to perform the functions of the RC.

⁵ Please refer to the Consultation and Response Paper on Revisions to the Guidelines on Corporate Governance: <https://www.mas.gov.sg/publications/consultations/2021/consultation-paper-on-revisions-to-the-guidelines-on-corporate-governance>

⁶ This is reflected in Additional Guideline 2.6 of the CG Guidelines. It will be removed from the CG Guidelines once MAS' proposed amendments to the rules on independence from management relationships in the CG Regulations take effect.

⁷ "Material risk personnel", in relation to a locally incorporated FI, means an individual who has the authority to make decisions or conduct activities that can significantly impact the FI's safety and financial soundness, or cause harm to a significant segment of the FI's customers or other stakeholders including but not limited to shareholders, creditors and counterparties.



incorporated FI is likely to have active managerial oversight over the locally incorporated FI and should not be deemed independent from management relationships.

Management relationships of director

- 2.8. After further review, and taking into account feedback received from MAS' 2021 consultation on the CG Guidelines, MAS proposes to consider not only whether a director is employed by the locally incorporated FI's related corporations, but also the extent of that person's responsibilities over the FI's operations. Similarly, where a director has immediate family members employed by the FI's related corporations, MAS proposes to consider the extent of the family member's involvement in overseeing the FI's operations, rather than focusing on the seniority of appointment (e.g. EOs). This would better capture persons who have management responsibility over the locally incorporated FI.
- 2.9. As shown in Table A below, MAS does not propose any change where the director has been employed by the FI or its subsidiary during the current or preceding three financial years. Such a director remains presumed non-independent, and that presumption continues to be non-rebuttable, as the director would likely be beholden to the wishes of the FI's management.
- 2.10. However, where a director is employed by the FI's parent or sister companies, the director will be presumed non-independent only if he or she has management responsibility over the functions of the FI or its subsidiaries. Where the director has no such responsibility⁸, he or she is less likely to act under the influence of or in the interests of the FI's management. This approach also avoids excluding a large population of employees from being considered independent, particularly where the FI is part of a global organisation. MAS also recognises that, even where this scope is met, there may be exceptional circumstances in which the director's independent business judgement and ability to act in the interests of the FI would not be impeded. Accordingly, MAS proposes to allow the Nominating Committee (NC)⁹ to rebut the presumption of non-independence for directors within this additional scope of management relationships, if the NC can substantiate its assessment. This is also illustrated in Table A below.

Management relationships of immediate family members

- 2.11. For similar reasons, where a director has an immediate family member who is employed by the locally incorporated FI or its related corporations in a capacity that carries management responsibilities over the FI or its subsidiaries, the director's business judgement is more likely to be influenced by that family member. Where the immediate family member is employed in such a capacity with the FI's parent or sister companies, the NC may rebut the presumption of non-

⁸ For instance, the director may be appointed by virtue of his technical or professional expertise.

⁹ For locally incorporated FIs which do not have a NC, the board is expected to perform the functions of the NC.

independence if it is satisfied that the director's independent business judgement and ability to act in the interests of the FI will not be impeded. This is set out in Table A below.

- 2.12. Whether a director's or his or her immediate family member's employment constitutes "informal management responsibility" depends on the following non-exhaustive factors, such as frequency of interactions with the FI's management and ability to influence the FI's business decisions or policies. For example, a regional or group head may be regarded as having "informal management responsibility", if he or she has frequent interactions with the Singapore management on the FI's business and can influence its policies or decisions, even if the Singapore management of the locally incorporated FI does not formally report to this individual. By contrast, a regional or group head need not be considered as having "informal management responsibility" over the locally incorporated FI, if he or she is part of a management committee in the head office, but the committee's remit does not include Singapore, or covers businesses not conducted by the FI.

Table A: Proposed scope of considerations for independence from management relationships

Subject	Entity where the subject is employed (during the current or preceding 3 financial years)	Capacity of the subject's employment giving rise to the director's presumed non-independence	Rebuttable by NC?
Director	FI	Any capacity	No
	FI's Subsidiary		No
	FI's Parent Company	Management responsibility (formal or informal) over any function of FI / FI's subsidiaries	Yes
	FI's Sister Company		Yes
Immediate Family Member of Director	FI	Management responsibility (formal or informal) over any function of FI / FI's subsidiaries	No
	FI's Subsidiary		No
	FI's Parent Company	Management responsibility (formal or informal) over any function of FI / FI's subsidiaries	Yes
	FI's Sister Company		Yes

Note:



Denotes the proposed expanded scope to consider the capacity of employment of a director or immediate family member in the FI's parent and sister companies

Question 1. MAS seeks comments on the revised criteria for assessing a director's independence from management relationships, as set out in paragraphs 2.8 to 2.12.

Question 2. MAS seeks comments or suggestions on other possible dimensions that may affect a director's independence from management relationships, in addition to those set out in paragraphs 2.5 to 2.12.



Independence from Business Relationships

2.13. Under the existing CG Regulations, a director of a locally incorporated FI is presumed non-independent from business relationships if:

- (a) the director is also a director, a substantial shareholder, an EO or a partner of an entity (“director-related entity”) which carries on business for purposes of profit that has made payments to, or received payments from, the locally incorporated FI or any of its subsidiaries; or
- (b) the director is receiving or has received compensation from the FI or the FI’s subsidiaries, other than compensation received for his services as a director or as an employee of the FI.

Business relationships of director

2.14. As mentioned in paragraph 2.4, MAS proposes to extend the criteria for assessing a director’s independence from business relationships to his business relationships with the FI’s related corporations. In the same vein, MAS proposes to expand the scope of business relationships in paragraphs 2.13 (a) and 2.13 (b) to those with the FI’s related corporations, beyond the existing scope of the FI and its subsidiaries. This is because a director’s business dealings with the related corporation may compromise his ability to act independently and make decisions solely in the best interest of the FI.

Business relationships of immediate family members

2.15. MAS proposes to revise the criteria for assessing independence from business relationships to also consider business relationships of the director’s immediate family members, in relation to both paragraphs 2.13 (a) and 2.13 (b) above. This takes into consideration that a director’s ability to act independently may be affected if his or her immediate family member has significant business dealings with the FI or the FI’s related corporation, as a conflict of interest could arise where the director uses his or her position in the locally incorporated FI to benefit the immediate family member, to the detriment of the FI.

Significant payments

2.16. With regard to paragraph 2.13 (a), MAS proposes to narrow the scope of business relationships to cover only significant payments that the locally incorporated FI or any of its related corporations has made to or received from a director-related entity. A similar approach has been adopted in the SGX Practice Guidance for listed companies, where only significant payments or payments for transactions with special, favourable treatment or non-published rates are captured. Hence, a director would not be presumed non-independent in the first instance if the



payments made to or received from the locally incorporated FI do not qualify as “significant payments”.

- 2.17. The intent of this proposal is to only capture transactions that would pose a higher risk of impeding the director’s independent business judgement. For instance, loans granted by a bank or insurance arrangements made by an insurer to a director-related entity, which are material to the operations of the director-related entity, would pose a higher risk of the director using his position on the bank or insurer to benefit his other entity. On the other hand, routine fees (such as credit card, bank, brokerage, mortgage, insurance premiums or claims) between the locally incorporated FI and a director-related entity, that are made in the ordinary course of business and on an arm’s-length basis, would pose a lower risk.
- 2.18. MAS proposes that the determination of what constitutes a “significant payment” should be made by the NC. The NC will be required to establish the criteria to determine a significant payment, and assess the payments made between the locally incorporated FI or any of its related corporations and the director-related entity against the criteria. In establishing the criteria, the NC can consider the following non-exhaustive factors:
- (a) the amount and nature of the payment;
 - (b) the materiality of payments to the operations of the FI or director-related entity;
 - (c) whether payment was made in the ordinary course of business and on normal commercial terms; and
 - (d) one-off vis-à-vis routine payments.

The NC may also determine a monetary threshold for aggregated payments over a financial year irrespective of whether the payments constitute a significant portion of the FI or director-related entity’s revenue, above which the payments should generally be deemed significant.

- 2.19. For the avoidance of doubt, the NC will continue to have the power to rebut a presumption of non-independence where a director is caught by the abovementioned expanded scope of business relationships.

Question 3. MAS seeks comments on the revised criteria to include related corporations when assessing a director’s independence from business relationships.

Question 4. MAS seeks comments on the revised criteria to include the director’s immediate family members when assessing a director’s independence from business relationships.



Question 5. MAS seeks comments on the revised criteria for independence from business relationships, to capture only significant payments under the scope of business relationships.

Question 6. MAS seeks comments on the proposal for the locally incorporated FI's NC to establish criteria to determine what constitutes a significant payment.

Independence from Substantial Shareholder

2.20. Under the current CG Regulations, a director of a locally incorporated FI may be regarded as independent from a substantial shareholder of the FI even if the director is “connected to” the FI’s locally incorporated parent entity. This applies where the director has no relationship with any other substantial shareholder of the FI or with any substantial shareholder of the FI’s parent entity, and:

- (a) the locally incorporated bank is an immediate subsidiary of its locally incorporated parent bank;
- (b) the locally incorporated insurer is an immediate subsidiary of its locally incorporated parent insurer; or
- (c) the locally incorporated FI is a sole subsidiary of its DFHC, which does not carry on any business other than the holding of the locally incorporated FI.

2.21. The provision reflects the premise that, in such circumstances, the interests of the locally incorporated FI and its parent entity are closely aligned. The director’s connection to the parent entity is therefore unlikely, on its own, to prevent him from acting in the best interest of the FI.

2.22. MAS proposes to revise the conditions to cover a broader, but more clearly defined, set of circumstances in which the interests of the FI and its parent entity are likely to be aligned. Under the proposed revised conditions, a director of a locally incorporated FI who is “connected to” the FI’s locally incorporated parent entity, but has no relationship with any other substantial shareholder of the parent entity, would be regarded as independent from a substantial shareholder of the FI if:

- (a) the locally incorporated FI is a wholly owned and immediate subsidiary of its locally incorporated parent bank, parent insurer, or DFHC. The FI and its parent entity need not operate in the same financial sector (e.g. the concession may apply where a locally incorporated bank owns a locally incorporated insurer); or
- (b) the locally incorporated FI is the sole, wholly owned and immediate subsidiary of a locally incorporated FHC that:



- (i) is not designated under the Financial Holding Companies Act; and
- (ii) does not carry on any business other than holding the locally incorporated FI.

2.23. Based on the current definition of “connected to”, a director of a locally incorporated FI may be regarded as independent from a substantial shareholder, subject to the corporate structure criteria described above, even if the director is an employee or director of:

- (a) an affiliate of the parent FI or DFHC (in the case of the Banking CG Regulations and the DFHC (Bank) CG Regulations); or
- (b) an associate of the parent FI or DFHC (in the case of the Insurance CG Regulations and DFHC (Licensed Insurer) CG Regulations).

2.24. For insurers and DFHCs (Licensed Insurers), MAS proposes first to narrow the scope of “connected to” by replacing the reference to an “associate” with an “affiliate”. This would align the scope more closely with that under the Banking CG Regulations and the DFHC (Bank) CG Regulations. Please refer to item 7 of Table C in Section 5 of this paper for more details.

2.25. In addition, MAS proposes that a director of a locally incorporated FI who is also a director or employee of an affiliate of a substantial shareholder be deemed as non-independent from the substantial shareholder. The NC may continue to make a determination to consider a non-executive director of a substantial shareholder’s affiliate as independent from the substantial shareholder, but such determination must be to the satisfaction of MAS.

Question 7. MAS seeks comments on the proposed revised conditions for allowing a director of a locally incorporated FI who is “connected to” the FI’s locally incorporated parent entity, but has no relationship with any other substantial shareholder of the parent entity, to be regarded as independent from a substantial shareholder of the FI.

Question 8. MAS seeks comments on the proposal to deem a director of a locally incorporated FI who is also a director or employee of an affiliate of a substantial shareholder as non-independent from that substantial shareholder.

Aggregate 9-year limit on a Director’s Independence

2.26. Under the current CG Regulations, a director who has served on the Board of a locally incorporated FI for a continuous period of 9 years or longer, cannot be deemed independent. MAS proposes to refine the limit such that the director is deemed non-independent after an



aggregate period of 9 years or longer. This is also in alignment to the approach taken under the SGX Listing Rules¹⁰.

- 2.27. This will mean that a director who has left his or her appointment on the Board of the locally incorporated FI in between tenures will be considered non-independent under the CG Regulations, as long as the tenures add up to 9 years or longer in aggregate. There will be no exceptions to the rule under this amendment.
- 2.28. This aggregate nine-year limit would also be applicable to directors of a company that later becomes a licensed bank under the Banking Act 1970¹¹. For instance, a director who has served on the Board of a company for 6 years before the company obtains a banking licence under the Banking Act 1970, will become non-independent after another 3 years on the Board.
- 2.29. MAS proposes that, where the CG Regulations only require directors to be independent from management and business relationships, the directors must also not have served on the Board for 9 years or more. This applies to the composition requirements for both Board and mandatory Board committees and such directors will be deemed largely independent. This is particularly relevant in scenarios where reduced independence requirements (e.g. one-third independence instead of majority independence for the board or a committee) are permitted due to the existence of a single substantial shareholder holding 50% or more of its shares or voting power. In such cases, MAS considers that the risks associated with long-tenured directors remain pertinent, and that the 9-year limit should apply to strengthen the overall independence.

Question 9. MAS seeks comments on the proposal for a director who has served on the Board for an aggregate period of 9 years or longer to be considered non-independent, and for this to be a hard limit.

Question 10. MAS seeks comments on the proposal to apply the 9-year limit to composition requirements on the Board and Board committees, where only independence from management and business relationships is required.

¹⁰ Please refer to SGX's Response Paper on Board Renewal and Remuneration issued on 11 Jan 2023: https://api2.sgx.com/sites/default/files/2023-01/Response%20Paper%20-%20Board%20Renewal%20and%20Remuneration_FINAL.pdf

¹¹ Examples of such companies include merchant banks (following the consolidation of the licensing and prudential regulation of merchant banks under the Banking Act 1970) or non-bank financial institutions.



3. Requirements on Board and Board Committees

- 3.1. Under the current CG Regulations, locally incorporated FIs are required to establish four main board committees: the NC, RC, Audit Committee (AC) and Risk Management Committee (RMC). Certain exceptions apply¹².
- 3.2. The composition requirements for the Board and board committees currently vary depending on whether the FI: (a) has a single substantial shareholder holding 50% or more of the share capital or voting power in the FI; (b) is a subsidiary of another bank or insurer; or (c) in the case of a bank, is foreign-owned¹³. These differentiated requirements allow a foreign owner or parent FI greater representation on the Board to support group-wide oversight of the locally incorporated FI.
- 3.3. MAS proposes to adopt a tiered approach to the composition requirements for Boards and board committees. Certain baseline standards will apply to all FIs, while systemically important FIs will generally be subject to more stringent requirements.
- 3.4. For example, MAS proposes to increase the minimum board size for domestic systemically important banks (DSIBs) and their DFHCs to 7 directors, and for full banks, domestic systemically important insurers (DSIIs) and their DFHCs to 5 directors. These minimum board sizes take into account:
 - (a) the number of board committees that each FI must establish;
 - (b) the minimum membership and proportion of independent directors required on each committee; and
 - (c) the proposed tighter requirements for the chairmanship of the AC and RMC, as set out in paragraphs 3.17 and 3.18.
- 3.5. MAS considers that the proposed minimum board sizes will strengthen Board oversight and enable committee responsibilities to be distributed more evenly among directors. This should allow directors to devote sufficient time and attention to the committees on which they serve.

¹² Currently, concessions are provided under Reg 11(2) of the Banking CG Regulations and Reg 10(3) of the Insurance CG Regulations, where a locally incorporated bank and Tier 1 insurer which is a subsidiary of any other bank or insurer, need not establish an NC, RC or RMC if its board performs all the functions of the NC, RC and RMC, as the case may be. For a Tier 2 insurer, the board is expected to perform the functions of the respective board committees.

¹³ In this context, a bank incorporated in Singapore is foreign-owned if it has a parent entity or ultimate parent entity incorporated or otherwise established outside Singapore.



Table B below sets out MAS' proposed revisions against the existing requirements. Further elaboration on the more significant proposals is provided in paragraphs 3.7 to 3.18.

- 3.6. For locally incorporated direct insurers and reinsurers, as well as DFHCs (Licensed Insurer), MAS proposes to make changes to the approach and thresholds used for the tiering of insurers and DFHCs (Licensed Insurer), taking into account the introduction of the DSIs framework and the growth of the insurance sector in Singapore. Please refer to Section 10 of this paper for more details.



Table B: Current vs proposed requirements on the Board and board committees

Composition Requirements		Financial Institutions					
		a. DSIBs ¹⁴ and their DFHCs	b. Full banks ¹⁵ and their DFHCs	c. Wholesale banks ¹⁶ and their DFHCs	d. DSIs, and their DFHCs (Licensed Insurer)	e. Tier 1 insurers, and Tier 1 DFHCs (Licensed Insurer)	f. Tier 2 insurers, and Tier 2 DFHCs (Licensed Insurer)
Board composition: Minimum number of directors	Current ¹⁷	(i) If foreign-owned: minimum 3 directors (ii) If not foreign-owned: minimum 5 directors			Minimum 3 directors	Minimum 3 directors	Minimum 3 directors
	Proposed	Minimum 7 directors	Minimum 5 directors	Minimum 5 directors	Minimum 5 directors	Minimum 5 directors	No change to current requirement.
Board composition: Proportion of independent directors	Current	(i) If the FI has a single substantial shareholder holding $\geq 50\%$: - at least 1/3 of the Board must be fully independent; and - a majority of directors must be independent from management and business relationships. (ii) If the FI has no single substantial shareholder holding $\geq 50\%$: - a majority of directors must be fully independent					At least 1/3 of the Board must be fully independent.

¹⁴ These refer to all locally incorporated banks which are part of DSIB groups in Singapore. The identified DSIB groups in Singapore are DBS Bank (DBS), Oversea-Chinese Banking Corporation (OCBC), United Overseas Bank (UOB), Citibank, Malayan Banking Berhad (Maybank), Standard Chartered Bank (SCB), and The Hongkong and Shanghai Banking Corporation (HSBC).

¹⁵ These include the digital full banks.

¹⁶ These include the digital wholesale banks.

¹⁷ For locally incorporated banks / DFHCs (Bank), the current requirements on minimum number of board directors are not explicitly set out in the board composition rules under Reg 9 of the Banking CG Regulations / Reg 5 of the DFHC(Bank) CG Regulations. Rather, these are implied from the NC composition rules under Reg 12 of the Banking CG Regulations / Reg 9 of the DFHC(Bank) CG Regulations, where banks / DFHCs (Bank) are required to have an NC comprising at least 3 or 5 members of the board of directors, depending on whether they are foreign-owned. To meet the NC composition requirements, the bank / DFHC(Bank) must have minimally 3 or 5 board directors (as the case may be).



Composition Requirements		Financial Institutions					
		a. DSIBs ¹⁴ and their DFHCs	b. Full banks ¹⁵ and their DFHCs	c. Wholesale banks ¹⁶ and their DFHCs	d. DSIs, and their DFHCs (Licensed Insurer)	e. Tier 1 insurers, and Tier 1 DFHCs (Licensed Insurer)	f. Tier 2 insurers, and Tier 2 DFHCs (Licensed Insurer)
	Proposed	A majority of the Board must be fully independent.	A majority of the Board must be fully independent.	(i) If the FI has a single substantial shareholder holding $\geq 50\%$: - at least 1/3 of the Board must be fully independent; and - a majority of directors must be largely independent¹⁸. (ii) If the FI has no single substantial shareholder holding $\geq 50\%$: - No change to current requirement	A majority of the Board must be fully independent.	(i) If the FI has a single substantial shareholder holding $\geq 50\%$: - at least 1/3 of the Board must be fully independent; and - a majority of directors must be largely independent. (ii) If the FI has no single substantial shareholder holding $\geq 50\%$: - No change to current requirement	No change to current requirement.

¹⁸ For the purposes of this paper, a director will be deemed largely independent if he/ she is independent from management and business relationships and has served on the Board for less than 9 years. Please refer to paragraph 2.29 for more details.



Composition Requirements		Financial Institutions					
		a. DSIBs ¹⁴ and their DFHCs	b. Full banks ¹⁵ and their DFHCs	c. Wholesale banks ¹⁶ and their DFHCs	d. DSIs, and their DFHCs (Licensed Insurer)	e. Tier 1 insurers, and Tier 1 DFHCs (Licensed Insurer)	f. Tier 2 insurers, and Tier 2 DFHCs (Licensed Insurer)
Board composition: Proportion of Local Representation	Current	(i) If foreign-owned: at least 1/3 of the Board must be Singapore citizen or permanent resident (ii) If not foreign-owned: at least a majority of the Board must be Singapore citizen or permanent resident			N.A.		
	Proposed	(i) If foreign-owned, except in the case of a digital full bank: at least 1/3 of the Board must be Singapore citizen or permanent resident (ii) In all other cases: at least a majority of the Board must be Singapore citizen or permanent resident					
Separate board committees to be established	Current	(i) With respect to DSIBs, full banks, wholesale banks, DSIs, and Tier 1 insurers: - For banks/insurers which are not subsidiaries of another bank/insurer, the AC, NC, RC and RMC are mandatory. - For banks/insurers which are subsidiaries of another bank/insurer, only the AC is mandatory. This concession on not having an NC, RC or RMC is subject to the condition that the board of the first-mentioned bank/insurer performs all the functions of the NC, RC or RMC, as the case may be. (ii) With respect to DFHCs of DSIBs, full banks, wholesale banks, DSIs, and Tier 1 DFHCs (Licensed Insurer): AC, NC, RC and RMC are mandatory.					N.A.
	Proposed	(i) With respect to DSIBs, full banks, wholesale banks, DSIs, and Tier 1 insurers: For banks/insurers which are not subsidiaries of another bank/insurer, the AC, NC, RC and RMC remain mandatory (no change to current requirement).					N.A.



Composition Requirements		Financial Institutions					
		a. DSIBs ¹⁴ and their DFHCs	b. Full banks ¹⁵ and their DFHCs	c. Wholesale banks ¹⁶ and their DFHCs	d. DSIs, and their DFHCs (Licensed Insurer)	e. Tier 1 insurers, and Tier 1 DFHCs (Licensed Insurer)	f. Tier 2 insurers, and Tier 2 DFHCs (Licensed Insurer)
		- For banks/insurers which are subsidiaries of another bank/insurer, the RMC will be mandatory in addition to the AC. The concession to not have an NC or RC continues to be subject to the condition that the board of the firstmentioned bank or insurer performs all the functions of the NC or RC, as the case may be. - For banks/insurers which are subsidiaries of an FHC, the AC and RMC continue to be mandatory. An NC or RC need not be set up if the board of the bank/insurer performs all the functions of the NC or RC, as the case may be. (ii) With respect to DFHCs of DSIBs, full banks, wholesale banks, DSIs, and Tier 1 DFHCs (Licensed Insurer): AC, NC, RC and RMC remain mandatory (no change to current requirement).					
Executive Committee (EXCO)¹⁹ composition	Current	The EXCO is subject to the same independence composition requirement as the Board. (i) If the FI has a single substantial shareholder holding $\geq 50\%$: - at least 1/3 of the EXCO must be fully independent; and - a majority of directors on the EXCO must be independent from management and business relationships. (ii) If the FI has no single substantial shareholder holding $\geq 50\%$: - a majority of the EXCO must be fully independent.					N.A.
	Proposed	A majority of the EXCO must be fully independent. The EXCO must be chaired by the	A majority of the EXCO must be fully independent. The EXCO must be chaired by the	(i) If the FI has a single substantial shareholder holding $\geq 50\%$:	A majority of the EXCO must be fully independent. The EXCO must be chaired by the	(i) If the FI has a single substantial shareholder holding $\geq 50\%$:	N.A.

¹⁹ Executive Committee (EXCO) refers to any committee, by whatever name, that is delegated powers of the Board to make decisions on its behalf.



Composition Requirements		Financial Institutions					
		a. DSIBs ¹⁴ and their DFHCs	b. Full banks ¹⁵ and their DFHCs	c. Wholesale banks ¹⁶ and their DFHCs	d. DSIs, and their DFHCs (Licensed Insurer)	e. Tier 1 insurers, and Tier 1 DFHCs (Licensed Insurer)	f. Tier 2 insurers, and Tier 2 DFHCs (Licensed Insurer)
		chairperson of the Board.	chairperson of the Board.	- at least 1/3 of the EXCO must be fully independent; and - a majority of directors on the EXCO must be largely independent. (ii) If the FI has no single substantial shareholder holding ≥50%: - No change to current requirement. The EXCO must be chaired by the chairperson of the Board.	chairperson of the Board.	- at least 1/3 of the EXCO must be fully independent; and - a majority of directors on the EXCO must be largely independent. (ii) If the FI has no single substantial shareholder holding ≥50%: - No change to current requirement. The EXCO must be chaired by the chairperson of the Board.	



Composition Requirements		Financial Institutions					
		a. DSIBs ¹⁴ and their DFHCs	b. Full banks ¹⁵ and their DFHCs	c. Wholesale banks ¹⁶ and their DFHCs	d. DSIs, and their DFHCs (Licensed Insurer)	e. Tier 1 insurers, and Tier 1 DFHCs (Licensed Insurer)	f. Tier 2 insurers, and Tier 2 DFHCs (Licensed Insurer)
NC composition: Minimum number of directors	Current	(i) If foreign-owned: minimum 3 (but not exceeding 5) directors. (ii) If not foreign-owned: minimum 5 (but not exceeding 7) directors.			Minimum 3 directors.		N.A.
	Proposed	Minimum 5 directors, and no upper limit.	Minimum 3 directors, and no upper limit.	Minimum 3 directors, and no upper limit.	No change to current requirement	No change to current requirement	N.A.
NC composition: Proportion of independent directors	Current	(i) For banks with a single substantial shareholder holding $\geq 50\%$: - at least 1/3 (including the NC chairperson) are fully independent; and - majority are independent from management and business relationships. (ii) For banks with no single substantial shareholder holding $\geq 50\%$: - majority (including the NC chairperson) are fully independent. (iii) For all DFHCs (with bank subsidiary): - majority (including the NC chairperson) are fully independent.			(i) For insurers / DFHCs with a single substantial shareholder holding $\geq 50\%$: - at least 1/3 (including the NC chairperson) are fully independent; and - majority are independent from management and business relationships. (ii) For insurers / DFHCs with no single substantial shareholder holding $\geq 50\%$: - majority (including the NC chairperson) are fully independent.		N.A.
	Proposed	Majority of the NC (including the NC chairperson) are fully independent.	Majority of the NC (including the NC chairperson) are fully independent.	For banks/ DFHCs with a single substantial shareholder holding $\geq 50\%$:	Majority of the NC (including the NC chairperson) are fully independent.	For insurers / DFHCs with a single substantial shareholder holding $\geq 50\%$:	N.A.



Composition Requirements		Financial Institutions					
		a. DSIBs ¹⁴ and their DFHCs	b. Full banks ¹⁵ and their DFHCs	c. Wholesale banks ¹⁶ and their DFHCs	d. DSIs, and their DFHCs (Licensed Insurer)	e. Tier 1 insurers, and Tier 1 DFHCs (Licensed Insurer)	f. Tier 2 insurers, and Tier 2 DFHCs (Licensed Insurer)
				- at least 1/3 (including the NC chairperson) are fully independent; and - majority are largely independent. For banks/ DFHCs with no single substantial shareholder holding ≥50%, no change to current requirement.		- at least 1/3 (including the NC chairperson) are fully independent; and - majority are largely independent. For insurers/ DFHCs with no single substantial shareholder holding ≥50%, no change to current requirement.	
RC composition: Minimum number of directors	Current	Minimum 3 directors					N.A.
	Proposed	No change to current requirement.					N.A.



Composition Requirements		Financial Institutions					
		a. DSIBs ¹⁴ and their DFHCs	b. Full banks ¹⁵ and their DFHCs	c. Wholesale banks ¹⁶ and their DFHCs	d. DSIs, and their DFHCs (Licensed Insurer)	e. Tier 1 insurers, and Tier 1 DFHCs (Licensed Insurer)	f. Tier 2 insurers, and Tier 2 DFHCs (Licensed Insurer)
RC composition: Proportion of independent directors	Current	(i) For banks with a single substantial shareholder holding ≥50%: - at least 1/3 (including the RC chairperson) are fully independent; and - majority are independent from management and business relationships. (ii) For banks with no single substantial shareholder holding ≥50%: - majority (including the RC chairperson) are fully independent. (iii) For DFHCs in this category: - majority (including the RC chairperson) are fully independent.			(i) For insurers / DFHCs with a single substantial shareholder holding ≥50%: - at least 1/3 (including the RC chairperson) are fully independent; and - majority are independent from management and business relationships. (ii) For insurers / DFHCs with no single substantial shareholder holding ≥50%: - majority (including the RC chairperson) are fully independent.		N.A.
	Proposed	Majority of the RC (including the RC chairperson) are fully independent. All RC members are non-executive.	(i) For banks/ DFHCs with a single substantial shareholder holding ≥50%: - at least 1/3 (including the RC chairperson) are fully independent; and - majority are largely independent; and - all RC members are non-executive. (ii) For banks/ DFHCs with no single substantial shareholder holding ≥50%:		(i) For insurers/DFHCs with a single substantial shareholder holding ≥50%: - at least 1/3 (including the RC chairperson) are fully independent; and - majority are largely independent; and - all RC members are non-executive. (ii) For insurers/ DFHCs with no single substantial shareholder holding ≥50%:		N.A.



Composition Requirements		Financial Institutions					
		a. DSIBs ¹⁴ and their DFHCs	b. Full banks ¹⁵ and their DFHCs	c. Wholesale banks ¹⁶ and their DFHCs	d. DSIs, and their DFHCs (Licensed Insurer)	e. Tier 1 insurers, and Tier 1 DFHCs (Licensed Insurer)	f. Tier 2 insurers, and Tier 2 DFHCs (Licensed Insurer)
			- majority (including the RC chairperson) are fully independent; and - all RC members are non-executive.		- majority (including the RC chairperson) are fully independent; and - all RC members are non-executive.		
AC composition: Minimum number of directors	Current	Minimum 3 directors					N.A.
	Proposed	No change to current requirement.					N.A.
AC composition: Proportion of independent directors	Current	(i) All AC members are independent from management and business relationships with the FI. (ii) Majority of the AC (including the AC chairperson) are fully independent directors.					N.A.
	Proposed	No change to current requirement.					N.A.
RMC composition: Minimum number of directors	Current	Minimum 3 directors.					N.A.
	Proposed	No change to current requirement.					N.A.
RMC composition:	Current	Majority of the RMC (including the RMC chairperson) are non-executive directors.					N.A.



Composition Requirements		Financial Institutions				
		a. DSIBs ¹⁴ and their DFHCs	b. Full banks ¹⁵ and their DFHCs	c. Wholesale banks ¹⁶ and their DFHCs	d. DSIs, and their DFHCs (Licensed Insurer)	e. Tier 1 insurers, and Tier 1 DFHCs (Licensed Insurer)
Proportion of independent directors	Proposed	Majority of the RMC (including the RMC chairperson) are fully independent directors.	Majority of the RMC (including the RMC chairperson) to be largely independent.			N.A.

Question 11. MAS seeks comments on the proposed changes to the requirements on the composition of the Board and Board Committees set out in Table B.



EXCO

- 3.7. MAS notes that the EXCO chairperson performs a similar role as the Board chairperson, in providing leadership to the committee that makes decisions that would have ordinarily been made by the board. Having different chairpersons could lead to unclear lines of responsibility and accountability. For locally incorporated FIs and their DFHCs that have an EXCO, MAS proposes that the EXCO chairperson must also be the Board chairperson.

Question 12. MAS seeks comments on the proposal that the EXCO must also be chaired by the Board chairperson.

Remuneration Committee – all RC members to be non-executive

- 3.8. The current CG Regulations do not expressly require RC members to be non-executive directors. MAS proposes to require all members of the RC to be non-executive directors²⁰. The responsibilities of the RC include recommending a framework for determining the remuneration of the EO of the locally incorporated FI and recommending the remuneration of each EO based on this framework. Hence, to minimise conflict of interest, RC members should comprise non-executive directors.

Remuneration Committee – independence requirement

- 3.9. Under the current CG Regulations, the RCs of locally incorporated banks, Tier 1 insurers and Tier 1 DFHCs (Licensed Insurer), are generally required to have at least a majority of fully independent directors (including the RC chairperson). Where the locally incorporated bank, Tier 1 insurer or Tier 1 DFHC (Licensed Insurer) has a single substantial shareholder holding 50% or more of its shares or voting power, the independence requirements are reduced to having at least a majority of directors who are independent from management and business relationships with the FI, and at least one-third of directors (including the RC chairperson) who are fully independent directors.
- 3.10. MAS proposes to amend the RC independence composition requirement for DSIBs and their DFHCs, to require their RCs to have at least a majority of fully independent directors (including the RC chairperson), regardless of whether the DSIBs and their DFHCs have a single substantial shareholder holding 50% or more of the share capital or voting power in the FI. This is to ensure that discussions and decisions relating to FI's remuneration matters consider a wide range of perspectives and are balanced. This approach is also taken under the Code of Corporate Governance of the SGX for listed companies.

²⁰ Provision 6.2 of the CG Guidelines already states that the RC should comprise non-executive directors.



Question 13. MAS seeks comments for the proposal to require all members of the RC to be non-executive directors.

Question 14. MAS seeks comments for the proposal to require DSIBs and their DFHCs, with single substantial shareholder holding 50% or more of the share capital or the voting power in the FI to have a RC comprising at least a majority (including RC chairperson) of fully independent directors.

Risk Management Committee – independence requirement

- 3.11. The current CG Regulations require the RMC to comprise at least a majority of directors (including the RMC chairperson) who are non-executive directors. For DSIBs and their DFHCs, MAS proposes to require a majority of the RMC (including RMC chairperson) to be fully independent. This is in line with the corporate governance principles issued by the Basel Committee on Banking Supervision (BCBS). For DSILs, Tier 1 insurers, full and wholesale banks and their DFHCs, a majority of the RMC (including the RMC chairperson) must be largely independent. This is to strengthen the RMC's independent governance over risk matters in the locally incorporated FI and holding senior management accountable for risk management decisions.
- 3.12. MAS is of the view that the risk of conflicts of interest could be particularly high if an RMC member is not independent from management relationships or business relationships. For instance, an RMC member who has an immediate family member within the FI's senior management may find it difficult to apply his or her mind objectively in assessing the decisions of senior management. Similarly, an RMC member whose director-related entity has significant business dealings with the FI, may be less able to exercise independent judgement over the FI's risk appetite levels towards dealings with business partners. An RMC member who has served a long tenure may be reluctant to challenge past policies or decisions. Taking into account the systemic importance and risk profile of DSIBs and their DFHCs, a majority of their RMC will additionally be required to be independent from substantial shareholders to remove the risk of shareholder interests being prioritised over the FI's risk considerations.

Question 15. MAS seeks comments on the proposal to require the majority of RMC (including the RMC chairperson), for DSIBs and their DFHCs, to be independent directors. For DSILs, Tier 1 insurers, full and wholesale banks and their DFHCs, majority of the RMC (including the RMC chairperson) must be largely independent.



Risk Management Committee – a mandatory board committee

- 3.13. The current CG Regulations do not mandate the setting up of an RMC for a locally incorporated FI which is a subsidiary of any other bank or any insurer. MAS proposes to mandate the set-up of an RMC for all locally incorporated banks, DSIs, and Tier 1 insurers, including banks and insurers which are subsidiaries of another bank or insurer, to ensure that there are dedicated directors overseeing the key risks and risk management capabilities of those FIs. This is also consistent with international good practices²¹.

Question 16. MAS seeks comments on the proposal to mandate the set-up of an RMC for all locally incorporated banks, DSIs, and Tier 1 insurers, including banks and insurers which are subsidiaries of another bank or insurer.

EXCO, NC, RC and AC to only comprise directors of the Board

- 3.14. MAS has recently set out in Additional Guideline (AG) 9.9 of the CG Guidelines that locally incorporated FIs can appoint non-directors to the RMC and would like to clarify our position for the other main board committees (EXCO, NC, RC and AC).
- 3.15. The intent of allowing non-directors on the RMC is to address practical challenges that FIs may face, in finding suitable director candidates who are experts in certain specialised areas (such as technology risk) that are relevant to the RMC's scope of duties, in view of a limited pool of qualified experts with the necessary stature to be a director. Besides easing resource constraints, formally appointing an expert as an RMC member would also allow the individual to be involved in broader discussions on the RMC, and be in a stronger position to contribute his or her domain expertise to the FI's needs.
- 3.16. MAS is of the view that the other board committees (EXCO, NC, RC and AC) are unlikely to face similar challenges in finding persons with the necessary skill sets to contribute effectively. For instance, there would foreseeably be accounting professionals with relevant managerial experience who are suitable as directors who could serve on the AC. Likewise, the skills required on the RC and NC (e.g., HR experience, knowledge of compensation structures) are not of such a niche subject that would present problems for FIs in finding directors with these skill sets. For the EXCO, given that it is the committee that will exercise the powers of the Board when the Board is

²¹ Please refer to BCBS Corporate Governance Principles for Banks (<https://www.bis.org/bcbs/publ/d328.htm>), APRA's Banking, Insurance, Life Insurance and Health Insurance Prudential Standard CPS 510 Governance (<https://www.apra.gov.au/standards/cps-510>), HKMA Supervisory Policy Manual CG-1 Corporate Governance of Locally Incorporated Authorised Institutions (<https://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/supervisory-policy-manual/CG-1.pdf>) and US Code of Federal Regulations (<https://www.ecfr.gov/current/title-12/chapter-II/subchapter-A/part-238/subpart-N/section-238.122>).



not meeting, the EXCO should therefore only comprise board directors. This mitigates the risk of having any person who is not elected or accountable to shareholders, making decisions on matters that fall under a director's purview. As such, MAS intends to clarify in the CG Regulations that the EXCO, NC, RC and AC must only comprise directors of the Board.

Question 17. MAS seeks comments on the clarification in the CG Regulations that the EXCO, NC, RC and AC must comprise only directors of the Board.

Rules in relation to the Chairpersons of AC, RMC and NC

3.17. MAS proposes to disallow the chairperson of the AC and RMC of a DSIB²² from concurrently chairing the Board or any other mandatory Board Committee. The AC and RMC chairpersons are responsible for leading their respective committees to ensure that there is a sound system of risk management and internal controls and effective risk governance in the FI. They must be capable of providing independent oversight over their committees and related duties. Concurrently holding positions such as Board chairperson or chairperson of another Board Committee, could impede their ability to act in their capacity as the AC and RMC chairpersons in a dedicated and focused manner. These proposals are aligned with the corporate governance principles issued by the BCBS. In addition, MAS proposes to disallow the AC chairperson from serving as a member of the RMC, to reinforce the independence of the AC and RMC, preserving the integrity of the three lines of defence model in FIs.

3.18. Further, MAS proposes to disallow the Board chairperson from concurrently chairing the NC. Given the importance of board and senior management succession planning to the long-term performance of the locally incorporated FIs, it is crucial that checks and balances in the succession planning process are sufficiently robust. MAS is of the view that the same person should not be involved in leading the process of selecting director and senior management candidates at the NC level (in his or her capacity as NC chairperson), and subsequently putting the recommended candidates up to the Board which he or she also chairs. This mitigates the risk of one person having undue influence over succession planning (and other NC-related) discussions throughout the process. The proposed amendment is also aligned with the recommendation by the Singapore Institute of Directors²³.

²² While this will not be required for non-DSIBs, FIs should consider implementing this as a good practice.

²³ Paragraph 1.7.3 of the Singapore Institute of Directors' Nominating Committee Guide recommends that the Board chairperson should not concurrently serve as Chairperson of the Nominating Committee, to avoid a situation where the Board Chairman has undue influence over the appointment of directors. Please refer to the guide for more information: <https://www.sid.org.sg/SID-eGuide/SID-eGuide/eGuidebooks/Nominating-Committee-Guide.aspx>



Question 18. MAS seeks comments on the proposal to disallow the chairpersons of the AC and RMC from concurrently chairing the Board or any other mandatory Board Committees of DSIBs.

Question 19. MAS seeks comments on the proposal to disallow the AC chairperson of a DSIB from serving as a member of the RMC.

Question 20. MAS seeks comments on the proposal to disallow the Board chairperson from concurrently chairing the NC.

4. Responsibilities of the Board and Board Committees

Responsibilities of the Board

- 4.1. MAS intends to set out the Board's key responsibilities in the CG Regulations, taking into account the recommendations of international standard-setting bodies²⁴ as well as the standards in other major jurisdictions. MAS proposes to set out the following as minimum key responsibilities of the Board of a locally incorporated FI:
- (a) set the business objectives of the FI and oversee the implementation of strategies for achieving these objectives by the EOs;
 - (b) review the business objectives and strategies of the FI 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 EOs and personnel responsible for the risk management and control functions of the FI;
 - (d) establish and implement a framework to ensure that the directors and EOs of the FI collectively have the requisite qualifications, skills, experience and resources for the sound management of the FI;
 - (e) oversee and review, on a periodic basis and as and when it considers necessary, the FI's internal controls to ensure the adequacy of the FI's internal controls in

²⁴ For example, the BCBS Corporate Governance Principles for Banks and the International Association of Insurance Supervisors (IAIS) Insurance Core Principles.



- identifying, addressing and monitoring the risks that can have an impact on the FI's financial soundness; and
 - safeguarding customers' interests.
- 4.2. MAS notes that the above key responsibilities should already be carried out by the Boards of locally incorporated FIs in Singapore. These responsibilities are fundamental to sound corporate governance in Singapore's banking and insurance sectors and hence there is value to expressly set them out in the CG Regulations.

Question 21. MAS seeks comments on the proposal to include key responsibilities of the Board into the CG Regulations.

Responsibilities of the Nominating Committee

- 4.3. The current CG Regulations set out the requirement for NC to review all nominations for each director and each member of the mandatory board committees, namely the NC, RC, AC, RMC and where applicable, the EXCO. The NC is required to consider whether the candidate's appointment will result in non-compliance with the relevant requirements under the CG Regulations, and whether the candidate is qualified for the office, taking into account the candidate's track record, age, experience, capabilities, skills and such other relevant factors as may be determined by the NC. MAS proposes to require the NC to review nominations for the Board chairperson and the chairperson of each board committee as well. This reflects current practices by FIs, and is in line with our expectations that NC should be responsible for overseeing all board appointments. Given that more FIs are establishing specialised board committees to allow deeper focus in specific areas or emerging issues such as a Sustainability Committee and an Ethics & Culture Committee, MAS also proposes that the NC should assess with the same rigour whether the candidates of the other board committees that the locally incorporated FI chooses to set up are qualified for office. This is to ensure that these members are also equipped with the relevant experience, capabilities and skills to perform their role effectively.

Question 22. MAS seeks comments on the proposal to expand NC's responsibilities to include reviewing the nominations for the Board chairperson and chairperson of each board committee, and each member of the non-mandatory board committees to ensure that their appointments will not result in non-compliance of our requirements (where applicable) and the candidates are qualified for office.



Responsibilities of the Remuneration Committee

- 4.4. Under the current CG Regulations, the RC is responsible for recommending a framework for determining the remuneration of the directors of the FI. For greater clarity, MAS proposes to amend the requirements by clarifying that locally incorporated FIs can rely on the remuneration framework by the parent FI.
- 4.5. As previously consulted during the 2021 consultation on the revised CG Guidelines, MAS proposes to extend RC's responsibilities to include determining the criteria for identifying MRPs²⁵, designing the remuneration framework for material risk takers (MRTs)²⁶, and recommending aggregate remuneration outcomes for MRTs²⁷. In recommending the aggregate remuneration outcomes for MRTs, the RC is required to seek inputs from other board committees overseeing control functions in relation to the aggregate remuneration outcomes for EOs.

Question 23. MAS seeks comments on the clarifications with respect to reliance on the parent FI's remuneration framework for locally incorporated FIs with foreign parent FIs.

Responsibilities of the Audit Committee

- 4.6. MAS had previously consulted the industry²⁸ on including in the CG Regulations, a requirement for the AC to comment (in the FI's annual report or company website, as the case may be) on whether it concurs with the Board's views on the adequacy and effectiveness of the internal controls²⁹. MAS considers it a baseline expectation for AC to serve as an additional layer of check on the Board, and its comment on the FI's internal controls would provide assurance to the public that the Board is fulfilling its responsibility. This expectation is currently set out in AG 9.11 of the CG Guidelines.
- 4.7. When the revised CG Regulations come into effect, AG 9.11 of the CG Guidelines will be removed.

²⁵ In the 2021 consultation on the revised CG Guidelines, MAS proposed that the RC would be responsible for establishing the appropriate criteria to identify material risk takers, comprising EOs and MRPs. We would like to clarify that FIs should refer to the definitions of EOs in Banking Act 1970 and Insurance Act 1966 to identify EOs.

²⁶ "Material risk taker" refers to an EO or a MRP.

²⁷ As clarified in MAS' response to feedback received during the 2021 consultation on the revised CG Guidelines, the RC is not expected to evaluate the remuneration package of each MRT. Instead, the proposed requirement is for RC to evaluate remuneration outcomes for MRTs in aggregate to ensure these are aligned with prudent risk taking and consistent with sound risk management principles.

²⁸ Please refer to the Consultation and Response Paper on Revisions to the Guidelines on Corporate Governance: <https://www.mas.gov.sg/publications/consultations/2021/consultation-paper-on-revisions-to-the-guidelines-on-corporate-governance>

²⁹ Internal controls would include financial, operational, compliance and information technology controls, and risk management systems.



5. Other Proposed Amendments to the CG Regulations

5.1. A list of other proposed amendments to the CG Regulations is set out in **Table C**. These pertain to procedural requirements as well as the removal of savings provisions which are no longer relevant.

Table C: List of other proposed amendments to the CG Regulations

Proposed Amendment		Proposal applies to:			
		Banking CG Regulations for locally incorporated banks	Insurance CG Regulations for locally incorporated insurers	DFHC (Bank) CG Regulations for DFHCs (Bank)	DFHC (Licensed Insurer) CG Regulations for DFHCs (Licensed insurer)
1.	When a person is proposed to be appointed as a director at an annual general meeting of the locally incorporated FIs (referred to in this regulation as the candidate), the FIs 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/insurer/DFHC or the bank/insurer/DFHC's substantial shareholders; (d) a list of all past and current directorships held by the candidate in other companies, if any³⁰; and	Yes	Yes	Yes	Yes

³⁰ MAS is of the view that information about a candidate's past directorships in other companies provides insight into their experience, qualifications and expertise. This allows shareholders and the Board to assess whether the candidate has the necessary skills and background to contribute effectively to the Board.



Proposed Amendment		Proposal applies to:			
		Banking CG Regulations for locally incorporated banks	Insurance CG Regulations for locally incorporated insurers	DFHC (Bank) CG Regulations for DFHCs (Bank)	DFHC (Licensed Insurer) CG Regulations for DFHCs (Licensed insurer)
	(e) details of other commitments that are assessed to be significant ³¹ by the NC.				
2.	The board of directors must, at least annually, disclose in the FI's annual report or on the FI'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 holder of the FI for an aggregate period of 9 years or longer; and (d) whether each director had during the financial year been an independent director. The board of directors must maintain records of all its meetings.	Yes	Yes	Yes	Yes
3.	To require all appointments of directors of locally incorporated FIs (excluding Tier 2 insurers and Tier 2 DFHC (Licensed Insurer)) to be subjected to a maximum term of 3 years.	No change (The 3-year maximum term for	Yes	Yes	Yes

³¹ Examples of significant time commitment may include full time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.



Proposed Amendment		Proposal applies to:			
		Banking CG Regulations for locally incorporated banks	Insurance CG Regulations for locally incorporated insurers	DFHC (Bank) CG Regulations for DFHCs (Bank)	DFHC (Licensed Insurer) CG Regulations for DFHCs (Licensed insurer)
	For an existing director of a locally incorporated insurer, DFHC (Bank) or DFHC (Licensed Insurer), the maximum term as director shall be 3 years from the effective date of the revised CG Regulations.	directors is already in Reg 34 of the Banking Regulations.)			
4.	To require all appointments of the chairperson of the board of locally incorporated FIs to be subjected to a maximum term of 3 years. As the chairperson would also be a director of the FI, the maximum term as chairperson shall be the earlier of 3 years or the end of his or her term as a director³². MAS' approval must be sought for both his or her re-appointment as director and chairperson. For an existing chairperson of a locally incorporated FI, the maximum term as chairperson shall be the earlier of 3 years from the effective date of the revised CG Regulations or the end of his or her term as a director.	Yes	Yes	Yes ³³	Yes ³³
5.	To require board committees' written terms of reference to clearly set out the authority and duties of board committees.	Yes	Yes	Yes	Yes

³² For example, if an individual is appointed as a director on 1 January 2024, his or her term will last for 3 years from 2024 to 2026, following which MAS' approval must be obtained if the FI wishes to re-appoint the same individual as a director in 2027. If the same individual is subsequently appointed as the chairperson of the board in 2025, his or her term as chairperson will expire along with his or her directorship in 2026, given that the appointment as chairperson is tied to the office of director. MAS' approval must be obtained if the FI wishes to re-appoint the same individual as both a director and chairperson in 2027.

³³ This proposal will take effect after the next amendment of the Financial Holding Companies Act.



Proposed Amendment		Proposal applies to:			
		Banking CG Regulations for locally incorporated banks	Insurance CG Regulations for locally incorporated insurers	DFHC (Bank) CG Regulations for DFHCs (Bank)	DFHC (Licensed Insurer) CG Regulations for DFHCs (Licensed insurer)
6.	To revise the definitions of “associate” and “affiliate” (where applicable) to account for unincorporated entities such as limited liability partnerships.	Yes	Yes	Yes	Yes
7.	The CG Regulations set out the scenarios where a person is "connected to" a substantial shareholder, and hence would not be considered independent from that substantial shareholder. Such “connectedness” is extended to cover employees and directors of an affiliate (in the case of banks and DFHCs (Banks)) or associate (in the case of insurers and DFHCs (Licensed Insurer)) of a substantial shareholder. As mentioned in paragraph 2.24, for insurers and DFHCs (Licensed Insurer), MAS proposes to amend the scope of “connectedness” to cover employees and directors of an affiliate³⁴ (instead of an associate) of a substantial shareholder. This would allow a director of an insurer or DFHC (Licensed Insurer) to be considered independent from a substantial shareholder if the same director is also an employee or a director of a major stake³⁵ corporation held by that insurer or DFHC (Licensed Insurer) and provided that the director does not satisfy the other areas of “connectedness”.	No change	Yes	No change	Yes

³⁴ The proposed definition of an “affiliate” is set out in Regulation 3 of the draft amendments to the Insurance CG Regulations, provided as a separate attachment to this consultation paper.

³⁵ This is defined in section 34(9)(a) of the Insurance Act 1966 and section 31(10) of the Financial Holding Companies Act 2013.



Proposed Amendment		Proposal applies to:			
		Banking CG Regulations <i>for locally incorporated banks</i>	Insurance CG Regulations <i>for locally incorporated insurers</i>	DFHC (Bank) CG Regulations <i>for DFHCs (Bank)</i>	DFHC (Licensed Insurer) CG Regulations <i>for DFHCs (Licensed insurer)</i>
8.	To remove the savings and transitional provisions which were provided for during the last review of the CG Regulations and are no longer required.	Yes	Yes	N.A.	N.A.

Question 24. MAS seeks comments on the list of other proposed amendments to the CG Regulations in Table C.

6. Disclosures of Related Party Transactions (RPT)

- 6.1. In the CG Guidelines, AG 14.5 sets out MAS' expectation that material RPTs be disclosed in the annual report or the FI's website. In view of feedback received on the expectations for locally incorporated FIs to publicly disclose their material RPTs, MAS is reviewing the need for these disclosure expectations. To facilitate the review, MAS is seeking views on whether we should retain or remove AG 14.5.
- 6.2. There is merit to retaining AG 14.5, as the disclosure of material RPTs is a means of subjecting FIs to market discipline, even though there is no prescribed materiality threshold in the CG Guidelines and FIs are allowed to set their own materiality threshold in accordance with their risk appetite. Such disclosures would serve a different purpose from the reporting to MAS under MAS Notice 643A and MAS Notice 129, as they provide public stakeholders with information on the nature of material RPTs entered into by the FI.
- 6.3. On the other hand, there are other existing safeguards that facilitate transparency and proper governance over RPTs, even if AG 14.5 is removed from the CG Guidelines. These include AG 14.2 which states MAS' expectations for FIs to establish policies and procedures on RPTs (which include the definitions of relatedness, limits applied, terms of transactions, and the authorities and procedures for approving, monitoring, and, where necessary, writing off of these transactions), MAS Notice 643A, MAS Notice 129 and other forms of disclosure of aggregate RPT information in the annual reports or notes to financial statements, pursuant to accounting standards.

Question 25. MAS seeks comments on whether the guidelines pertaining to the disclosure of material RPTs under AG 14.5 should be retained or removed.



B. Requirements applicable only to banks and DFHCs (Bank)



7. Local Representation Requirement on Executive Committee

- 7.1. Under the current CG Regulations, where the board of a locally incorporated bank or its DFHC has delegated any of its powers of oversight to a board EXCO, the EXCO is required to adhere to the same independence requirements as the Board. MAS observed that, in most instances, the EXCO serves as a ‘mini board’ where more operational decisions are made on behalf of the Board. Given this, MAS holds the view that EXCO composition should mirror that of the Board so that decisions made by the EXCO on behalf of the Board can take into account a mix of perspectives from local and independent directors. MAS proposes the requirements for local representation on the Board of a locally incorporated bank and its DFHC to also apply to the EXCO. This means that EXCO will also be required to have one-third of its directors who are Singapore citizens or permanent residents, in the case of a foreign-owned bank, or majority Singapore citizens or permanent residents, in all other cases.

Amendment to definition of “permanent resident”

- 7.2. MAS will also amend the definition of “permanent resident” under Regulation 2 of the Banking CG Regulations and Regulation 5 of the DFHC (Bank) CG Regulations to align with the definition under Immigration (Amendment) Bill 2023 which was passed on 18 September 2023.

Question 26. For locally incorporated banks and their DFHCs, MAS seeks comments on the proposal for the EXCO’s composition requirements to mirror that of the Board in terms of local representation, in addition to the independence composition.



8. Restrictions on Individuals Holding Concurrent Key Appointments

Restrictions on Executive Officers concurrently holding other appointments within the Group

- 8.1. Under the current CG Regulations, a locally incorporated bank and a major stake financial entity shall not appoint any person as its EO while that person is concurrently holding a position in the parent group³⁶. This prohibition was imposed on anti-commingling grounds and to prevent potential conflict of interest between financial and non-financial entities. Having considered the practices of global banking groups where it is not uncommon for EOs to take on concurrent responsibilities³⁷, MAS proposes to amend the regulation to allow intra-financial group EO sharing. With the amendment, banks are not allowed to appoint any person as its EO only if that person is concurrently holding a position in a non-financial entity³⁸ within the parent group. For the avoidance of doubt, such prohibition applies to the first and subsequent appointments of the EO.
- 8.2. To strengthen a locally incorporated bank's due diligence over concurrent appointments, MAS proposes to require the NC to assess whether any proposed arrangement for an existing EO to be appointed as an EO or director of another company would give rise to a conflict of interest with his or her responsibilities in the bank or would otherwise impair his or her ability to discharge his or her duties in respect of the bank. If so, the NC should assess and ensure that there are adequate measures in place to mitigate such conflict or impairment. This extends to existing directors taking on additional EO or director appointments in any company, beyond the Group. NC's assessment must be done prior to the director or EO taking on the new EO or director appointment. This proposal is aligned with the requirements in MAS Notice 106 for insurers.
- 8.3. In addition, MAS proposes to impose an ex-post regime for banks to notify MAS when a key appointment holder³⁹ takes on additional EO or director appointments in any company. The banks' notification should include an assessment on whether the new appointment would give rise to potential conflict of interest or would otherwise impair the person's ability to discharge his

³⁶ These include the substantial shareholders and affiliates of the substantial shareholders.

³⁷ As an example, an EO of a locally-incorporated bank may also have a regional responsibility.

³⁸ For the purposes of this regulation, a "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.

³⁹ Key appointment holders refers to the persons appointed pursuant to section 53A(1) of the Banking Act 1970 and section 63(2) of the Financial Holding Companies Act 2013.



or her duties. Where there is conflict of interest or impairment, banks should also notify MAS on the mitigating measures. The ex-post notification regime will be set out as a condition when MAS approves the appointment of key appointment holders and will be extended to all banks⁴⁰ regardless of whether they are locally incorporated.

Question 27. MAS seeks comments on the proposal to allow for intra-financial group EO sharing in the circumstances set out in paragraph 8.1.

Question 28. MAS seeks comments on the proposal to require the NC to (i) assess whether there would be any conflict of interest or impairment of duties as set out in paragraph 8.2 prior to an existing EO or director taking up a new EO or director appointment in any company; and (ii) ensure that there are adequate measures in place to mitigate any conflict or impairment.

Question 29. MAS seeks comments on the proposal to require banks to notify MAS when a key appointment holder takes on additional appointments.

⁴⁰ Banks that hold a valid bank licence under section 7 or 79 of the Banking Act 1970.



9. Ex-ante Approval Requirements for DFHCs, Banks and Merchant Banks

9.1. MAS is proposing revisions to the ex-ante approval requirements for key appointment holders of the respective FIs in **Table D** below. The intent is to adopt a risk-based approach to MAS' supervision and oversight of the FIs' key appointment holders, with tighter rules on more systemically important entities vis-à-vis less systemically important ones. The table sets out MAS' proposed approval requirements against the current approval requirements, with changes highlighted in blue. The rationale for our proposals is explained in paragraphs 9.2 to 9.11. While the proposed amendments in this consultation mainly apply to locally incorporated FIs, certain proposals in this section also extend to bank branches and merchant banks, as set out in (f) to (j) below.

Table D: Changes to ex-ante approval requirements for DFHCs, Banks and Merchant Banks

Categories of Financial Institutions		Ex-ante Approval Requirements									
		Directors	Board Chairperson	Chief Executive Officer	Deputy Chief Executive Officer	Chief Financial Officer	Chief Risk Officer	Head of Treasury	Chief Information Officer	NC Chairperson	NC Members
(a) Locally incorporated banks in a DSIB group	Current	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
	Proposed	No change	No change	No change	No change	No change	No change	No change	Yes (new)	Yes (new)	No change
(b) Locally incorporated full banks (non-DSIBs)	Current	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
	Proposed	No change	No change	No change	No change	No change	No change	No (remove)	No change	Yes (new)	No change



Categories of Financial Institutions		Ex-ante Approval Requirements									
		Directors	Board Chairperson	Chief Executive Officer	Deputy Chief Executive Officer	Chief Financial Officer	Chief Risk Officer	Head of Treasury	Chief Information Officer	NC Chairperson	NC Members
(c) DFHCs of banks in (a) above	Current	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes
	Proposed	No change	No change	No change	No change	No change	No change	No change	Yes (new)	Yes (new)	No change
(d) DFHCs of banks in (b) above	Current	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes
	Proposed	No change	No change	No change	No change	No change	No change	No change	No change	Yes (new)	No change
(e) All other locally incorporated banks that do not fall into (a) or (b)	Current	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
	Proposed	No change	No change	No change	No change	No change	No change	No (remove)	No change	Yes (new)	No (remove)
(f) DFHCs of banks in (e) above	Current	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes
	Proposed	No change	No change	No change	No change	No change	No change	No change	No change	Yes (new)	No (remove)
(g) Bank branches in a Singapore DSIB group	Current	N.A.		Yes	Yes	No	No	Yes	No	N.A.	



Categories of Financial Institutions		Ex-ante Approval Requirements									
		Directors	Board Chairperson	Chief Executive Officer	Deputy Chief Executive Officer	Chief Financial Officer	Chief Risk Officer	Head of Treasury	Chief Information Officer	NC Chairperson	NC Members
	Proposed	N.A.		No change	No change	Yes (new)	Yes (new)	No change	Yes (new)	N.A.	
(h) Bank branches that are not in a Singapore DSIB group	Current	N.A.		Yes	Yes	No	No	Yes	No	N.A.	
	Proposed	N.A.		No change	No change	No change	No change	No (remove)	No change	N.A.	
(i) Locally incorporated merchant banks	Current	Yes	Yes	Yes	Yes	No	No	Yes	No	N.A.	
	Proposed	No change	No change	No change	No change	No change	No change	No (remove)	No change	N.A.	
(j) Merchant bank branches	Current	N.A.		Yes	Yes	No	No	Yes	No	N.A.	
	Proposed	N.A.		No change	No change	No change	No change	No (remove)	No change	N.A.	



Approval Regime for the NC Chairperson and NC Members

- 9.2. Locally incorporated FIs are currently required to seek MAS' approval prior to appointing/re-appointing NC members, and such re-appointments take place yearly. Given the critical role played by the NC chairperson in the key areas of board renewal and succession planning, we propose to require the appointment and re-appointment of FIs' NC chairperson to be subject to MAS' approval as well.
- 9.3. Further, in line with MAS' risk-based approach, we propose to ratchet down the requirements for the less systemically important banks⁴¹, from requiring all NC members to be approved, to only requiring the NC chairperson to be approved by MAS. The current requirement remains in place for the systemically important banks⁴².
- 9.4. For the avoidance of doubt, with the above amendments, the NC chairperson of the systemically important FIs, who is also a NC member, will be subjected to two separate approvals.

Question 30. MAS seeks comments on the proposal to require the NC chairperson of locally incorporated banks and DFHCs with bank subsidiaries to be approved by MAS, and for less systemically important FIs to not require MAS' approval for appointing/re-appointing of NC members.

Note: The proposals in the following sub-sections are applicable to banks (including Singapore branches of foreign banks), DFHCs, and merchant banks.

New Regime for the Head of Treasury

- 9.5. All banks are currently required to seek MAS' approval prior to the appointment of the Head of Treasury. The introduction of the Guidelines on Individual Accountability and Conduct in September 2021 has helped to strengthen the individual accountability of senior managers, including the Head of Treasury, in key functions in FIs. Hence, we propose to adopt a risk-based approach to MAS' supervision and oversight over the appointment of the Head of Treasury.
- 9.6. To streamline the current process, MAS intends to only retain the ex-ante approval requirement for the appointment of the Head of Treasury for DSIBs. MAS expects all banks to continue conducting adequate due diligence on the fitness and propriety prior to the appointment of the Head of Treasury.

⁴¹ Locally incorporated wholesale banks.

⁴² DSIBs, locally incorporated full banks and DFHCs with bank subsidiary.



Question 31. MAS seeks comments on the proposal to only retain the ex-ante approval requirement for the appointment of the Head of Treasury for DSIBs.

Approval Regime for the Chief Financial Officer and Chief Risk Officer

- 9.7. Currently, only locally incorporated banks and DFHCs with bank subsidiary are subject to MAS' approval requirements for their Chief Financial Officer (CFO) and Chief Risk Officer (CRO). Bank branches do not require MAS' approval for the appointment of their CFO and CRO, regardless of asset size or market reach. Given MAS' approach of tiering CG standards as explained in paragraph 1.3 of this paper, we propose the following changes to the ex-ante approval requirements in respect of the CFO and CRO.
- 9.8. MAS intends to introduce an ex-ante approval regime for the CFO and CRO of bank branches that are part of DSIB groups in Singapore (hereafter, "DSIB branches"). DSIB branches may have sizeable operations and certain key Singapore business functions for DSIB groups are in fact housed in the DSIB branch (e.g., the DSIB group's treasury and market trading operations). This proposal is also to align with the ex-ante approval requirements currently in place for the CFO and CRO of locally incorporated banks which are part of a Singapore DSIB group (hereafter, "DSIB subsidiaries"). MAS' DSIB framework considers subsidiaries and branches as part of the country DSIB group; as such, there should be alignment in the key senior management appointments approved for the DSIB subsidiaries and DSIB branches. Requiring approval for such appointments at the DSIB branch will provide additional safeguards, allowing MAS to impose conditions or remove the appointee if there are questions over his or her fitness and propriety. There are no proposed changes to the ex-ante approval regimes for DSIB subsidiaries, locally incorporated full banks (including digital full banks), and their DFHCs. MAS has assessed – based on our CG tiering approach – that these said entities continue to warrant such approval requirements.
- 9.9. For the CFO and CRO of non-DSIB branches in Singapore and merchant banks, MAS will maintain the existing regime which does not require these entities to obtain MAS' approval for the appointment of their CRO and CFO.

Question 32. MAS seeks comments on the proposal to introduce an ex-ante approval regime for the CFO and CRO of DSIB branches.



Note: The proposal in the following sub-section is applicable to DSIBs.

Approval Regime for the Chief Information Officer

9.10. MAS intends to introduce an ex-ante approval regime for the Chief Information Officer (CIO)⁴³. As FIs undergo rapid digitalisation and operate increasingly complex IT systems and infrastructure, CIOs play critical roles in overseeing technology implementation and digital transformation, while being responsible for technology governance and risk management in their organisations.

9.11. In line with MAS' risk-based approach on the supervision and oversight over the appointment of FIs' key appointment holders, we propose to require the DSIBs and their DFHCs to obtain MAS' approval for the appointment of their CIOs. The responsibilities of the NC will also be expanded to include reviewing nominations for this appointment.

Question 33. MAS seeks comments on the proposal to introduce an ex-ante approval regime for the CIO of DSIBs and their DFHCs, and for the NC to review the nomination for this appointment.

⁴³ The CIO is defined as the most senior individual reporting directly to the CEO and principally responsible for establishing and implementing the bank's overall information technology strategy, overseeing the day-to-day information technology operations, and managing the information technology risks of the bank. The definition covers individuals with titles such as "Chief Technology Officer", "Head of Information Technology", or any other individual reporting directly to the CEO who is charged with these responsibilities, regardless of his or her formal title.



C. Requirements applicable only to insurers and DFHCs (Licensed Insurer)



10. Tiering of Insurers and DFHCs (Licensed Insurer)

Tiering of insurers

10.1. Currently, for the purpose of imposing CG requirements, locally incorporated direct insurers and reinsurers are categorised into two tiers, Tier 1 or Tier 2, based on the size of their total assets or annual gross premiums. With the introduction of the framework for designating DSIs, MAS proposes for DSIs to be subjected to more stringent CG requirements, given their systemic importance, as compared to a Tier 1 insurer. The more stringent CG requirements are set out in Section 3 of this paper.

10.2. In addition, with the growth of the insurance sector in Singapore, MAS proposes to revise the definition of a Tier 1 insurer to capture insurers with significant operations in Singapore. The definition of a Tier 2 insurer will also be revised consequentially. The proposed definitions of a Tier 1 insurer and Tier 2 insurer are as follows:

- (i) An insurer is a Tier 1 insurer if the insurer is not a DSI, and –
 - (a) in the case of a direct life insurer, has total assets of at least S\$10 billion; or
 - (b) in the case of a direct general insurer, has annual gross premiums of at least S\$500 million⁴⁴; or
 - (c) in the case of a direct composite insurer, satisfies either (a) in respect of its total assets or (b) in respect of annual gross premiums for its general business; or
 - (d) in the case of a reinsurer, has annual gross premiums of at least S\$2 billion.
- (ii) An insurer is a Tier 2 insurer if the insurer is neither a DSI nor a Tier 1 insurer.

⁴⁴ In the case of a direct general insurer, there is no change to the definition of a Tier 1 insurer.



Tiering of DFHCs (Licensed Insurer)

10.3. In line with the tiering of insurers, MAS proposes for a DFHC that has a subsidiary which is designated as a DSII, to be subjected to more stringent CG requirements, given the subsidiary's systemic importance. The more stringent CG requirements for the said DFHC are set out in Section 3 of this paper.

10.4. MAS further proposes to align the thresholds used in the definition of a Tier 1 DFHC (Licensed Insurer) with the proposed thresholds for the definition of a Tier 1 insurer. The definition of a Tier 2 DFHC (Licensed Insurer) will also be revised consequentially. The proposed definitions of a Tier 1 DFHC (Licensed Insurer) and a Tier 2 DFHC (Licensed Insurer) are as follows:

- (i) A DFHC is a Tier 1 DFHC (Licensed Insurer) if it does not hold any subsidiary that is designated as a DSII, and –
 - (a) there is one or more Tier 1 insurers in the insurance group; or
 - (b) in the case of a DFHC which holds at least one direct life insurer, has consolidated total assets of at least S\$10 billion; or
 - (c) in the case of a DFHC which holds only direct general insurers, has consolidated total annual gross premiums of at least S\$500 million; or
 - (d) in the case of a DFHC which holds only reinsurers, has consolidated total annual gross premiums of at least S\$2 billion; or
 - (e) in the case of a DFHC which holds both direct general insurers and reinsurers, has computed annual gross premiums⁴⁵ of at least S\$500 million.
- (ii) A DFHC is a Tier 2 DFHC (Licensed Insurer) if it does not hold any subsidiary that is designated as a DSII and it is not a Tier 1 DFHC (Licensed Insurer).

Question 34. MAS seeks comments on the proposal for a DSII and a DFHC that has a subsidiary which is designated as a DSII to be subjected to more stringent CG requirements.

Question 35. MAS seeks comments on the proposed revisions to the definitions of (a) a Tier 1 insurer and a Tier 2 insurer and (b) a Tier 1 DFHC (Licensed Insurer) and a Tier 2 DFHC (Licensed Insurer).

⁴⁵ The computed annual gross premiums is based on a factor of 1 for consolidated general insurance (GI) annual gross premiums and a factor of 0.25 for consolidated reinsurance (RI) annual gross premiums. The formula is as follows: computed annual gross premiums = (1*GI annual gross premiums) + (0.25*RI annual gross premiums).



11. Requirements specific to Special Purpose Reinsurance Vehicles (SPRV)⁴⁶

- 11.1. An SPRV is licensed as a reinsurer under section 11 of the Insurance Act 1966 (IA), with the sole purpose of transferring insurance risk to the capital markets via the issuance of Insurance-Linked Securities (ILS). An ILS transaction typically involves a reinsurance contract, which transfers risks from the ceding insurer to the SPRV, and the SPRV further raises capital by issuing securities to investors to cover the insurance risk. The proceeds, together with the reinsurance premiums paid by the ceding insurer, are typically invested in a portfolio of highly rated securities. The contingent obligations of the SPRV under the reinsurance contract are fully funded and secured with assets held in trust.
- 11.2. Regulation 7(1) of the Insurance CG Regulations requires SPRVs to have a Board comprising at least 3 directors, where at least one-third of directors are independent directors. SPRVs are also required, under section 35(2) of the IA, to have a chairperson appointed from among its directors. The chairperson of the Board cannot be an executive director or any person who is a member of the chief executive's immediate family, as required under Regulation 8(1) of the Insurance CG Regulations.
- 11.3. Given that SPRVs' principal activity is restricted to insurance securitization, and each ILS transaction is governed by a set of legal documents which are hardcoded at inception, there is minimal ongoing business activity which would require Board oversight. Furthermore, SPRVs pose limited impact beyond the ceding insurer as they are typically locally incorporated and are structured as a bankruptcy remote entity.
- 11.4. In view of the limited regulatory risk posed by SPRVs as compared to other types of licensed insurers, MAS proposes to impose risk proportionate requirements for the SPRV to have a Board comprising at least 2 directors, where one of the directors must be a non-executive director and remove the requirement for SPRVs to appoint a chairperson. Accordingly, SPRVs will not be subject to the requirements under (i) the Insurance CG Regulations, and (ii) section 35(2) of the IA.

Question 36. MAS seeks comments on the proposal to require SPRVs to have a Board comprising at least 2 directors, where one of the directors must be a non-executive director.

⁴⁶ The Insurance (General Provisions and Exemptions for Special Purpose Reinsurance Vehicles) Regulations 2018 will be amended.



Question 37. MAS seeks comments on the proposal to exclude SPRVs from the requirements under (i) the Insurance CG Regulations, and (ii) section 35(2) of the IA on the appointment of a chairperson.



12. Ex-ante Approval Requirements for Insurers

12.1. MAS is proposing revisions to the ex-ante approval requirements for key appointment holders of the respective FIs in **Table E** below⁴⁷. The intent is to adopt a risk-based approach to MAS' supervision and oversight of the FIs' key appointment holders, with tighter rules on more systemically important entities vis-à-vis less systemically important ones. Table E sets out MAS' proposed approval requirements against the current approval requirements, with changes highlighted in blue. The rationale for our proposals is explained in paragraphs 12.2 to 12.4.

Table E: Changes to ex-ante approval requirements for insurers

Categories of Financial Institutions		Ex-ante Approval Requirements								
		Directors	Board Chairperson	Chief Executive Officer	Deputy Chief Executive Officer	Chief Financial Officer	Chief Risk Officer	Appointed Actuary/Certifying Actuary	NC Chairperson	NC Members
(a) DSIs	Current	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
	Proposed	No change	No change	No change	No change	No change	No change	No change	Yes (new)	No change
(b) DFHCs with a DSII subsidiary	Current	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
	Proposed	No change	No change	No change	No change	No change	No change	No change	Yes (new)	No change
(c) Tier 1 insurers	Current	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes

⁴⁷ There is no change to the ex-ante approval requirements for key appointment holders of Tier 2 insurers, Tier 2 DFHCs (Licensed Insurer), and insurance branches.



Categories of Financial Institutions		Ex-ante Approval Requirements								
		Directors	Board Chairperson	Chief Executive Officer	Deputy Chief Executive Officer	Chief Financial Officer	Chief Risk Officer	Appointed Actuary/ Certifying Actuary	NC Chairperson	NC Members
	Proposed	No change	No change	No change	No change	No change	No change	No change	Yes (new)	No (remove)
(d) Tier 1 DFHCs (Licensed Insurer)	Current	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
	Proposed	No change	No change	No change	No change	No change	No change	No change	Yes (new)	No (remove)



Approval Regime for the NC Chairperson and NC Members

- 12.2. Locally incorporated FIs are currently required to seek MAS' approval prior to appointing/re-appointing NC members, and such re-appointments take place yearly. Given the critical role played by the NC chairperson in the key areas of board renewal and succession planning, we propose to require the appointment and re-appointment of FIs' NC chairperson to be subject to MAS' approval as well.
- 12.3. Further, in line with MAS' risk-based approach, we propose to ratchet down the requirements for the less systemically important insurers⁴⁸, from requiring all NC members to be approved, to only requiring the NC chairperson to be approved by MAS. The current requirement remains in place for the systemically important insurers⁴⁹.
- 12.4. For the avoidance of doubt, with the above amendments, the NC chairperson of the systemically important FIs, who is also a NC member, would be subjected to two separate approvals.

Question 38. MAS seeks comments on the proposal to require the NC chairperson of DSII, DFHCs with a DSII subsidiary, Tier 1 insurers and Tier 1 DFHCs (Licensed Insurer) to be approved by MAS, and for less systemically important insurers to not require MAS' approval for appointing/re-appointing of NC members.

⁴⁸ Tier 1 insurers and Tier 1 DFHCs (Licensed Insurer).

⁴⁹ DSII and DFHCs with a DSII subsidiary.



D. Transition timelines

13. Transition Timelines

- 13.1. MAS recognises that the proposed changes to CG requirements are substantial and may require adjustments to the composition of the FIs' board and board committees. In general, MAS proposes to provide FIs with a transition period of 2 years from the effective date of the revised CG Regulations, with the exception of the proposals listed in Table F.
- 13.2. For the proposals outlined in Table F, MAS proposes for these proposals to take effect immediately after the amendment of the CG Regulations. These proposals are largely in line with the current practices already adopted by FIs and are expected to have minimal impact on FIs. In addition, some of the revised requirements taking immediate effect are relaxation of existing requirements.

Table F: List of proposals to take effect immediately

Proposed Amendment	Reference in this consultation paper
Aggregate 9-year limit on a director's independence	Section 2, paragraphs 2.26 to 2.28
Responsibilities of the board	Section 4, paragraphs 4.1 – 4.2 Section 5, Table C, items 1 and 2
Responsibilities of the Nominating Committee	Section 4, paragraph 4.3
Responsibilities of the Audit Committee	Section 4, paragraphs 4.6 – 4.7
To require board committees' written terms of reference to clearly set out the authority and duties of board committees	Section 5, Table C, item 5
Restrictions on individuals holding concurrent key appointments	Section 8, paragraphs 8.1 – 8.3
Ex-ante approval requirements for banks	Section 9, paragraphs 9.1 – 9.11
Tiering of Insurers and DFHCs (Licensed Insurer)	Section 10, paragraphs 10.2 and 10.4
Requirements specific to Special Purpose Reinsurance Vehicles	Section 11, paragraphs 11.1 – 11.4
Ex-ante approval requirements for insurers	Section 12, paragraphs 12.1 – 12.4

Question 39. MAS seeks comments on the proposed transition timelines for the respective proposals set out in paragraphs 13.1 to 13.2.



14. Annex A – List of Questions

Question 1. MAS seeks comments on the revised criteria for assessing a director's independence from management relationships, as set out in paragraphs 2.8 to 2.12. 9

Question 2. MAS seeks comments or suggestions on other possible dimensions that may affect a director's independence from management relationships, in addition to those set out in paragraphs 2.5 to 2.12. 9

Question 3. MAS seeks comments on the revised criteria to include related corporations when assessing a director's independence from business relationships. 11

Question 4. MAS seeks comments on the revised criteria to include the director's immediate family members when assessing a director's independence from business relationships. 11

Question 5. MAS seeks comments on the revised criteria for independence from business relationships, to capture only significant payments under the scope of business relationships. 12

Question 6. MAS seeks comments on the proposal for the locally incorporated FI's NC to establish criteria to determine what constitutes a significant payment. 12

Question 7. MAS seeks comments on the proposed revised conditions for allowing a director of a locally incorporated FI who is "connected to" the FI's locally incorporated parent entity, but has no relationship with any other substantial shareholder of the parent entity, to be regarded as independent from a substantial shareholder of the FI. 13

Question 8. MAS seeks comments on the proposal to deem a director of a locally incorporated FI who is also a director or employee of an affiliate of a substantial shareholder as non-independent from that substantial shareholder. 13

Question 9. MAS seeks comments on the proposal for a director who has served on the Board for an aggregate period of 9 years or longer to be considered non-independent, and for this to be a hard limit. 14

Question 10. MAS seeks comments on the proposal to apply the 9-year limit to composition requirements on the Board and Board committees, where only independence from management and business relationships is required. 14

Question 11. MAS seeks comments on the proposed changes to the requirements on the composition of the Board and Board Committees set out in Table B. 26

Question 12. MAS seeks comments on the proposal that the EXCO must also be chaired by the Board chairperson. 27



- Question 13. MAS seeks comments for the proposal to require all members of the RC to be non-executive directors. 28
- Question 14. MAS seeks comments for the proposal to require DSIBs and their DFHCs, with single substantial shareholder holding 50% or more of the share capital or the voting power in the FI to have a RC comprising at least a majority (including RC chairperson) of fully independent directors. 28
- Question 15. MAS seeks comments on the proposal to require the majority of RMC (including the RMC chairperson), for DSIBs and their DFHCs, to be independent directors. For DSIBs, Tier 1 insurers, full and wholesale banks and their DFHCs, majority of the RMC (including the RMC chairperson) must be largely independent. 28
- Question 16. MAS seeks comments on the proposal to mandate the set-up of an RMC for all locally incorporated banks, DSIBs, and Tier 1 insurers, including banks and insurers which are subsidiaries of another bank or insurer. 29
- Question 17. MAS seeks comments on the clarification in the CG Regulations that the EXCO, NC, RC and AC must comprise only directors of the Board. 30
- Question 18. MAS seeks comments on the proposal to disallow the chairpersons of the AC and RMC from concurrently chairing the Board or any other mandatory Board Committees of DSIBs. 31
- Question 19. MAS seeks comments on the proposal to disallow the AC chairperson of a DSIB from serving as a member of the RMC. 31
- Question 20. MAS seeks comments on the proposal to disallow the Board chairperson from concurrently chairing the NC. 31
- Question 21. MAS seeks comments on the proposal to include key responsibilities of the Board into the CG Regulations. 32
- Question 22. MAS seeks comments on the proposal to expand NC's responsibilities to include reviewing the nominations for the Board chairperson and chairperson of each board committee, and each member of the non-mandatory board committees to ensure that their appointments will not result in non-compliance of our requirements (where applicable) and the candidates are qualified for office. 32
- Question 23. MAS seeks comments on the clarifications with respect to reliance on the parent FI's remuneration framework for locally incorporated FIs with foreign parent FIs. 33
- Question 24. MAS seeks comments on the list of other proposed amendments to the CG Regulations in Table C. 38
- Question 25. MAS seeks comments on whether the guidelines pertaining to the disclosure of material RPTs under AG 14.5 should be retained or removed. 39



Question 26. For locally incorporated banks and their DFHCs, MAS seeks comments on the proposal for the EXCO's composition requirements to mirror that of the Board in terms of local representation, in addition to the independence composition. 41

Question 27. MAS seeks comments on the proposal to allow for intra-financial group EO sharing in the circumstances set out in paragraph 8.1. 43

Question 28. MAS seeks comments on the proposal to require the NC to (i) assess whether there would be any conflict of interest or impairment of duties as set out in paragraph 8.2 prior to an existing EO or director taking up a new EO or director appointment in any company; and (ii) ensure that there are adequate measures in place to mitigate any conflict or impairment. 43

Question 29. MAS seeks comments on the proposal to require banks to notify MAS when a key appointment holder takes on additional appointments. 43

Question 30. MAS seeks comments on the proposal to require the NC chairperson of locally incorporated banks and DFHCs with bank subsidiaries to be approved by MAS, and for less systemically important FIs to not require MAS' approval for appointing/re-appointing of NC members. 47

Question 31. MAS seeks comments on the proposal to only retain the ex-ante approval requirement for the appointment of the Head of Treasury for DSIBs. 48

Question 32. MAS seeks comments on the proposal to introduce an ex-ante approval regime for the CFO and CRO of DSIB branches. 48

Question 33. MAS seeks comments on the proposal to introduce an ex-ante approval regime for the CIO of DSIBs and their DFHCs, and for the NC to review the nomination for this appointment. 49

Question 34. MAS seeks comments on the proposal for a DSII and a DFHC that has a subsidiary which is designated as a DSII to be subjected to more stringent CG requirements. 52

Question 35. MAS seeks comments on the proposed revisions to the definitions of (a) a Tier 1 insurer and a Tier 2 insurer and (b) a Tier 1 DFHC (Licensed Insurer) and a Tier 2 DFHC (Licensed Insurer). 52

Question 36. MAS seeks comments on the proposal to require SPRVs to have a Board comprising at least 2 directors, where one of the directors must be a non-executive director. 53

Question 37. MAS seeks comments on the proposal to exclude SPRVs from the requirements under (i) the Insurance CG Regulations, and (ii) section 35(2) of the IA on the appointment of a chairperson. 54

Question 38. MAS seeks comments on the proposal to require the NC chairperson of DSII, DFHCs with a DSII subsidiary, Tier 1 insurers and Tier 1 DFHCs (Licensed Insurer) to be approved by MAS, and for less systemically important insurers to not require MAS' approval for appointing/re-appointing of NC members. 57



Question 39. MAS seeks comments on the proposed transition timelines for the respective proposals set out in paragraphs 13.1 to 13.2.