

MAS 1011

7 September 2007

NOTICE TO MERCHANT BANKS

(MAS Notice 1011 dated 01 November 1985 is cancelled with effect from 7 September 2007)

Appointment of Chief Executives

1 This Notice is issued pursuant to section 28(3) of the Monetary Authority of Singapore Act (Cap. 186) and applies to all merchant banks in Singapore.

2 A merchant bank shall obtain the prior written approval of the Authority for the appointment of its chief executive and deputy chief executive. Without prejudice to any other matter that the Authority may consider relevant, the Authority shall, in determining whether to grant its approval, have regard to whether the person is a fit and proper person to hold the office. The “chief executive”, in relation to a company, means any person, by whatever name described, who (a) is in the direct employment of, or acting for or by arrangement with, the merchant bank; and (b) is principally responsible for the management and conduct of the business of the merchant bank.

3 When applying for approval of the Authority, a merchant bank shall forward to the Authority a copy of the curriculum vitae of the candidate.

4 The directors and chief executives of a merchant bank are responsible for ensuring the soundness and performance of the merchant bank and its compliance with the Companies Act, Cap 185 and all regulations, notices and directives issued by the Authority and any other relevant laws and regulations. They should:-

- a) establish and ensure compliance with sound written policies on all operational areas including the merchant bank's lending activities, investment activities, money market operations, accounting, internal control, internal auditing and compliance with the laws, regulations and directives;
- b) set out in writing the limits of the discretionary powers of each officer,

committee, subcommittee and such other grouping for the purpose of lending, investing or committing the merchant bank to any financial undertaking or exposure to risks of any nature;

- c) ensure that the merchant bank has sound internal controls in regard to accounting and all other operating procedures which shall be recorded in writing. The work of the internal audit department should also cover the merchant bank's compliance with laws, regulations and the Authority's directives, to assist the management, including the directors, in the fulfilment of their responsibilities.

5 This Notice shall take immediate effect. MAS Notice 1011 dated 01 November 1985 is cancelled with immediate effect.