

MAS NOTICE FHC-N609 (AMENDMENT) 2024

Issued on: 19 August 2024

AUDITORS' REPORTS AND ADDITIONAL INFORMATION TO BE SUBMITTED WITH ANNUAL ACCOUNTS

Introduction

1 This document reflects amendments made to MAS Notice FHC-N609 on the scope of the limited assurance engagement to be performed by the auditors in respect of the reporting schedules submitted by a financial holding company under Part XII of MAS Notice 637, as applied by paragraph 7.1 of MAS Notice FHC-N637.

2 For presentational purposes, the amendments in this document are compared against the version of MAS Notice FHC-N609 issued on 29 June 2022.

3 This document shall be interpreted as follows:

- (a) Text which is coloured and struck through represent deletions;
- (b) Text which is coloured and underlined represent insertions.

4 The amendments reflected in this document shall take effect from 20 August 2024.

5 This document is to be used for reference only. In the event of discrepancies between the amendments in this document and the published version of MAS Notice FHC-N609 revised on 19 August 2024 (with effect from 20 August 2024), the latter shall prevail.

MAS Notice FHC-N609

29 June 2022

Last revised on 19 August 2024

NOTICE TO DESIGNATED FINANCIAL HOLDING COMPANIES AND AUDITORS FINANCIAL HOLDING COMPANIES ACT 2013

AUDITORS' REPORTS AND ADDITIONAL INFORMATION TO BE SUBMITTED WITH ANNUAL ACCOUNTS

This notice is issued pursuant to sections 3(1), 39(4)(c) and 39(5) of the Financial Holding Companies Act 2013 [“the Act”] and applies to all designated financial holding companies that have a subsidiary that is a bank incorporated in Singapore (referred to in this Notice as “designated FHC with bank subsidiary” or “DFHC (Bank)”) and auditors of such companies.

Definitions

2 In this Notice, –

"auditor" means an auditor appointed by –

- (a) a DFHC (Bank) under section 39(1) of the Act; or
- (b) the Authority under section 39(3) of the Act;

“intermediate bank holding company” means a DFHC (Bank) that is not an ultimate holding company;

~~“Reporting Schedules”, in relation to a FHC group, means the reporting schedules submitted for the FHC group under Part XII of Notice FHC-N637 on Risk Based Capital Adequacy Requirements for Designated Financial Holding Companies (“Notice FHC-N637”) but does not include Schedule 1C in respect of the leverage ratio and Schedule 5G in respect of interest rate risk in the banking book;~~

[Deleted by MAS FHC-N609 (Amendment) 2024]

“ultimate bank holding company” means a DFHC (Bank) that is an ultimate holding company; and

“ultimate holding company” has the same meaning as in section 5A of the Companies Act ~~1967~~(~~Cap. 50~~).

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3 The expressions used in this Notice shall, except where expressly defined in this Notice or where the context otherwise requires, have the same meanings as in the Act.

Reports of an Auditor of a DFHC (Bank)

4 For the purposes of section 3(1) of the Act, every DFHC (Bank) must furnish to the Authority the following documents:

- (a) a copy of the auditors' long form report, which must include –
 - (i) findings and recommendations, if any, on –
 - (A) the accounting system, internal controls, quality of loans and advances and other assets of the FHC group and any entity in the FHC group; and
 - (B) non-compliance by the FHC group or any entity in the FHC group with any of the following:
 - (I) any provision of the Act, the Banking Act ~~1970~~(~~Cap. 19~~) and the Companies Act ~~1967~~ that is applicable to the FHC group or the entity in the FHC group;
 - (II) any direction issued by the Authority that is applicable to the FHC group or the entity in the FHC group;
 - (III) any other laws or regulations that is applicable to the FHC group or the entity in the FHC group;
 - (IV) any non-observance of guidelines that is issued by the Authority to the FHC group or the entity in the FHC group; and
 - (ii) comments on any other areas of weaknesses of the FHC group and any entity in the FHC group;

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- (b) a copy of the auditors' supplementary report, which must be addressed to the chief executive of the DFHC (Bank) and must contain the auditors' statement as to whether, during the course of their examination, anything came to their notice that caused or led them to believe that –

- (i) known bad debts of material amounts had not been written off or fully provided for by any entity in the FHC group;
 - (ii) adequate provision had not been made for known material doubtful debts and for any material impairment of other assets by any entity in the FHC group; or
 - (iii) there was non-compliance by the FHC group or any entity in the FHC group, with any area specified in paragraph 4(a)(i)(B)(I)-(IV); and
- (c) a copy of the auditor's report referred to in paragraph 5(b).

5 Pursuant to sections 39(5)(c) and (d) of the Act, an auditor of a DFHC (Bank) must –

- (a) perform a limited assurance engagement in accordance with the Singapore Standard on Assurance Engagements 3000 (Revised) issued by the Institute of Singapore Chartered Accountants in respect of the Reporting Schedules reporting schedules submitted by the DFHC (Bank) under Part XII of MAS Notice 637, as applied by paragraph 7.1 of MAS Notice FHC-N637, which relate relating to the end of each financial year of the DFHC (Bank) or the end of any other calendar quarter within the financial year of the DFHC (Bank) as the Authority may approve ("Reporting Date"), other than –

(i) Schedule 5-1A in respect of interest rate risk in the banking book; and

(ii) the schedules referred to in paragraph 12.3.7 of MAS Notice 637, as applied by paragraph 7.1 of MAS Notice FHC-N637, where they relate to a Reporting Date in the period from 1 July 2024 to 31 December 2024 (both dates inclusive)

(referred to in this Notice as "Reporting Schedules"); and

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- (b) issue a report stating whether, pursuant to its limited assurance engagement in sub-paragraph (a), anything came to the auditor's attention that caused it to believe that the Reporting Schedules have not been prepared, in all material respects, in accordance with the requirements of MAS Notice FHC-N637.

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6 Pursuant to section 3(1) of the Act, a DFHC (Bank) that has established one or more branches outside Singapore must notify the Authority within a week upon receipt of the

relevant supervisory authority's or auditor's report on the DFHC (Bank)'s overseas operations, and furnish to the Authority a copy of the report as soon as practicable.

Additional Information

7 Pursuant to section 3(1) of the Act, a DFHC (Bank) must furnish to the Authority the following information:

- (a) in the case of an ultimate bank holding company incorporated, formed or established in Singapore, a copy of the following:
 - (i) the duly audited consolidated financial statements of the DFHC (Bank) and its subsidiaries;
 - (ii) a copy of the report of the auditors of the DFHC (Bank);
 - (iii) a copy of the report of the directors of the DFHC (Bank);
- (b) in the case of an intermediate bank holding company incorporated, formed or established in Singapore, a copy of the following:
 - (i) the duly audited consolidated financial statements of the DFHC (Bank) and that of its ultimate holding company;
 - (ii) a copy of the report of the auditors of the DFHC (Bank) and that of its ultimate holding company;
 - (iii) a copy of the report of the directors of the DFHC (Bank) and that of its ultimate holding company;
- (c) in the case of a DFHC (Bank) incorporated, formed or established in Singapore, a copy of the separate financial statements of any corporation in which the DFHC (Bank) holds, directly or through any subsidiary of the DFHC (Bank), 20% or more of the issued share capital;
- (d) its beneficial interest in the share capital of any entity within the FHC group; and
- (e) its major stake as defined in section 31(10) of the Act acquired or held by it, directly or indirectly.

Date of Submission

8 Pursuant to section 3(1) of the Act, every DFHC (Bank) must furnish to the Authority –

- (a) the information referred to in paragraphs 4(a), 4(b) and 7(a), not later than 3 months after the close of each financial year of the DFHC (Bank) or such longer period as the Authority may, on application of the DFHC (Bank), approve;

- (b) the information referred to in paragraph 4(c), not later than 3 months after the Reporting Date or such longer period as the Authority may, on application of the DFHC (Bank), approve;
- (c) the information referred to in paragraph 7(b), not later than 3 months after the close of each financial year of the DFHC (Bank)'s ultimate holding company or such longer period as the Authority may, on application of the DFHC (Bank), approve;
- (d) the information referred to in paragraphs 7(c), as soon as practicable, but not later than 6 months after the close of each financial year of the corporation or such longer period as the Authority may, on application of the DFHC (Bank), approve; and
- (e) the information referred to in paragraphs 7(d) and 7(e), not later than 1 month after 30 June and 31 December of each year or such longer period as the Authority may, on application of the DFHC (Bank), approve.

Effective Date

9 This Notice takes effect on 1 July 2022.

** Notes on History of Amendments*

1. *FHC-N609 (Amendment) 2024 dated 19 August 2024 with effect from 20 August 2024.*