

**MAS Notice No.: FHC-N106**

29 JUNE 2022

NOTICE TO DESIGNATED FINANCIAL HOLDING COMPANIES  
FINANCIAL HOLDING COMPANIES ACT 2013

**APPOINTMENT OF DIRECTOR, CHAIRPERSON, MEMBER OF NOMINATING  
COMMITTEE, AND KEY EXECUTIVE PERSON**

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**Introduction**

1. This Notice is issued pursuant to section 60(1) of the Financial Holding Companies Act 2013 (the “Act”) and comprises both mandatory requirements (Part I) and guidelines (Part II).
2. This Notice applies to all designated financial holding companies that has a subsidiary that is a licensed insurer incorporated, formed or established in Singapore (“DFHC (Licensed Insurer)”).

**Definition**

3. In this Notice,

“Fit and Proper Guidelines” means the Guidelines on Fit and Proper Criteria [Guideline No: FSG-G01] issued by the Authority;

“key executive person” means a person holding any of the following appointments:

- (a) chief executive;
- (b) deputy chief executive;
- (c) chief financial officer of a Tier 1 DFHC (Licensed Insurer); or
- (d) chief risk officer of a Tier 1 DFHC (Licensed Insurer);

“nominating committee” has the same meaning as in regulation 2 of the Financial Holding Companies (Corporate Governance of Designated Financial Holding Companies with Licensed Insurer Subsidiary) Regulations 2022;

“Tier 1 DFHC (Licensed Insurer)” has the same meaning as in regulation 3 of the Financial Holding Companies (Corporate Governance of Designated Financial Holding Companies with Licensed Insurer Subsidiary) Regulations 2022.

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

### **Part I – Mandatory Requirements**

#### **Approval of Director, Chairperson, Member of Nominating Committee and Key Executive Person**

5. When obtaining the approval of the Authority for the appointment of any director, chairperson, member of nominating committee (in the case of a Tier 1 DFHC (Licensed Insurer)) or key executive person, a DFHC (Licensed Insurer) must submit to the Authority the particulars of the person proposed to be appointed in the “Application Form for Appointment of Director, Chairperson, Member of Nominating Committee and Key Executive Person”, which is appended in Appendix A, at least one month before the proposed date of appointment.

#### **Assessment of Proposed Arrangements after Approval of Appointment of Director and Key Executive Person**

6. A DFHC (Licensed Insurer) must ensure that its board of directors or nominating committee makes an assessment on whether any proposed arrangement by the DFHC (Licensed Insurer), any of its holding companies<sup>1</sup>, any of its directors or key executive persons would give rise to a conflict of interest with the director’s or key executive person’s responsibilities in the DFHC (Licensed Insurer), or would otherwise impair the director’s or key executive person’s ability to discharge his duties in respect of the DFHC (Licensed Insurer). Such arrangements include, but are not limited to, the following:
  - (a) any proposed arrangement by the DFHC (Licensed Insurer) for the director or key executive person, in addition to his current position in the DFHC (Licensed Insurer), to take on an executive officer position that is not a key executive person position in the DFHC (Licensed Insurer);
  - (b) in the case of a DFHC (Licensed Insurer) which is a subsidiary, any proposed arrangement by any of its holding company for the director or key executive person, in addition to his current position in the DFHC (Licensed Insurer), to take on a role that would result in the director or key executive person becoming a director or the equivalent of an

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<sup>1</sup> To avoid doubt, in this Notice, a holding company includes an ultimate holding company as defined in section 5A of the Companies Act 1967 except that any reference to “corporation” in that section shall be construed as if it did not exclude a co-operative society.

executive officer, in the holding company or related corporations of the DFHC (Licensed Insurer), as the case may be;

(c) the director or key executive person taking on directorship in any other companies; and

(d) a change in reporting structure of the key executive person.

7. For the purposes of paragraph 6(d), the reporting structure refers to the key executive person's reporting line -

(a) within the DFHC (Licensed Insurer); and

(b) to individuals within any of the holding companies or any other related corporations of the DFHC (Licensed Insurer), as the case may be.

**Notification to the Authority of any Proposed Arrangement concerning a Key Executive Person**

8. Subject to paragraph 10, the DFHC (Licensed Insurer) must notify the Authority of any proposed arrangement relating to a key executive person referred to in paragraph 6, at least one month before the date on which the proposed arrangement is to take effect, using the form "Notification of Changes in Roles and Responsibilities/ Reporting Structure of Key Executive Persons to the Authority", which is appended in Appendix B. The DFHC (Licensed Insurer) must notify the Authority in writing of the following:

(a) the proposed arrangement and the reason for the decision to make the proposed arrangement; and

(b) the assessment in paragraph 6 including, in the case where the board of directors or nominating committee has assessed that there would be a conflict of interest or impairment, the measures that the DFHC (Licensed Insurer) proposes to put in place, or has put in place, to mitigate such conflict or impairment, as the case may be.

9. A DFHC (Licensed Insurer) must put in place policies and procedures to ensure that it informs the Authority of the proposed arrangement at least one month before the date that the proposed arrangement is to take effect.

10. Notwithstanding paragraph 9, where it is not possible for a DFHC (Licensed Insurer) to be aware of the proposed arrangement at least one month before the arrangement is to take effect, the DFHC (Licensed Insurer) must inform the Authority of the proposed arrangement as soon as practicable.

## **Part II - Guidelines**

### **Fit and Proper Policy**

11. Every DFHC (Licensed Insurer) should have in place a policy, which is approved by its board of directors, to ascertain that its directors and key executive persons are fit and proper to fulfill their respective roles and responsibilities (“fit and proper policy”).
12. The Authority expects the fit and proper policy to take into account the fit and proper criteria set out in the Fit and Proper Guidelines.
13. The DFHC (Licensed Insurer) should ensure that its board of directors identifies and reviews all proposed candidates for the positions of directors and key executive persons, so as to assess that these proposed candidates are fit and proper for the position of a director or key executive person.
14. The DFHC (Licensed Insurer) should ensure that the fit and proper policy covers the recruitment policies, internal control systems and procedures put in place by the DFHC (Licensed Insurer). The DFHC (Licensed Insurer) should ensure that these policies, systems and procedures should reasonably ensure that the directors and key executive persons meet the fit and proper criteria in the Fit and Proper Guidelines, not just at the time of appointment but on a continuing basis as well. The DFHC (Licensed Insurer) should also ensure that the fit and proper policy should also give due regard to the different types of responsibilities required or expected of different appointments and designations.
15. The DFHC (Licensed Insurer) should ensure that its board of directors reviews the adequacy of the DFHC (Licensed Insurer)’s fit and proper policy at least once a year to ensure its relevance.

### **Compliance with Guidelines**

16. The standards set out in Part II of this Notice are not mandatory in that failure by a DFHC (Licensed Insurer) to comply with any of the standards shall not of itself render the DFHC (Licensed Insurer) to be in breach of this Notice. However, the Authority expects DFHC (Licensed Insurer) to observe the standards set forth in this Part II of this Notice.

### **Effective Date**

17. The Notice takes effect on 1 July 2022.