

MAS NOTICE 640 (AMENDMENT) 2021

Issued on: 11 Jun 2021

MINIMUM ASSET MAINTENANCE REQUIREMENTS

Introduction

- 1 For presentational purposes, the amendments in this document are compared against the version of the MAS Notice 640 issued on 6 June 2007, as last revised on 13 April 2011.
- 2 This document shall be interpreted as follows:
 - (a) Text which is coloured and struck through represents deletion which will not appear in the untracked version of MAS Notice 640 revised on 11 June 2021, which is published on MAS' website www.mas.gov.sg ("Published Version"); and
 - (b) Text which is coloured and underlined represents insertion which will appear in the Published Version.
- 3 The amendments reflected in this document shall take effect on 1 July 2021.
- 4 This document is to be used for reference only. In the event of discrepancies between the amendments in this document and the Published Version, the Published Version shall prevail.

MAS [NOTICE 640](#)

6 June 2007

*Last revised on ~~13 April 2011~~ [11 June 2021](#)

NOTICE TO BANKS
BANKING ACT, CAP 19

MINIMUM ASSET MAINTENANCE REQUIREMENTS

1 This Notice is issued pursuant to section 40(1) of the Banking Act (Cap. 19) [the “Act”] and applies to all foreign banks.

Definitions

2 For the purposes of this Notice—

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

“associated company” has the same meaning as the term “associate” defined in the Accounting Standards;

“banking corporation” means—

(a) any bank licensed by the Authority under the Act; or

(b) any entity licensed, registered, approved or otherwise regulated as a bank in the country [or jurisdiction](#) of establishment;

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

“bill of exchange” has the same meaning as in section 3 of the Bills of Exchange Act (Cap. 23);

~~“chief executive” has the same meaning as in paragraph 2 of MAS Notice 622A;~~

[\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#)

“classified”, in relation to a credit facility or a debt security, means any credit facility or debt facility, as the case may be, which has been categorised by a bank as “substandard”, “doubtful” or “loss” pursuant to any notice in writing issued by the Authority under any written law;

“company” ~~and “corporation” have~~[has](#) the same ~~respective~~ meanings as in section 4(1) of the Companies Act (Cap. 50);

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

“counterparty related to the bank” includes any holding company, subsidiary or associated company of the bank, and any subsidiary or associated company of any holding company of the bank;

“debt security” includes any debenture, bond or note;

“deposit liabilities” has the same meaning as in section 62(3) of the Act;

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

“eligible asset” means any of the assets listed in Annex 1 which may be included by a bank in Singapore for the purposes of the asset maintenance requirements under paragraphs ~~4~~, 6 and 7;

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

“foreign bank” means any foreign full bank, ~~foreign offshore bank~~ or foreign wholesale bank;

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

“foreign full bank” means a bank which is –

- (a) incorporated in a [country or](#) jurisdiction other than Singapore;
- (b) operating branches or offices located within Singapore; and
- (c) holding a licence granted by the Authority under the Act which permits the bank to carry on the full range of banking business;

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

~~“foreign offshore bank” means a bank which is –~~

- ~~(a) incorporated in a jurisdiction other than Singapore;~~
- ~~(b) operating branches or offices located within Singapore; and~~
- ~~(c) holding a licence granted by the Authority under the Act, the conditions of which require the bank to comply with such guidelines as may be issued by the Authority in relation to the operation of offshore banks;~~

[\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#)

“foreign wholesale bank” means a bank which is –

- (a) incorporated in a [country or](#) jurisdiction other than Singapore;
- (b) operating branches or offices located within Singapore; and
- (c) holding a licence granted by the Authority under the Act, the conditions of which require the bank to comply with such guidelines as may be issued by the Authority in relation to the operation of wholesale banks;

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

“holding company” ~~and “subsidiary” have~~[has](#) the same ~~respective~~ meanings as in section 5 of the Companies Act (Cap. 50);

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

“housing loan” means a credit facility [or a refinancing facility](#) granted to an individual for the purchase of residential property where the credit facility [or refinancing facility](#) [\(as the case may be\)](#) is secured on that property¹;

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

“investment grade” means any of the following credit ratings issued by the respective credit rating agencies:

- (a) BBB-minus or better by Fitch, Inc.;
- (b) Baa3 or better by Moody’s Investor Services;
- (c) BBB-minus or better by Standard and Poor’s Corporation;

~~“merchant bank” means a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);~~

[\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#)

“minimum cash balances” means the minimum cash balances maintained on deposit with the Authority by a bank as reserves against its deposit and other liabilities under section 39 of the Act;

“minimum liquid assets” means the minimum amount or amounts of liquid assets held by a bank under section 38 of the Act;

“resident in Singapore” has the same meaning as in [Annex 1 of](#) Appendix [A1](#) to MAS Notice 610;

¹ ~~Includes refinancing.~~ [\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#)

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

“Scheme member” has the same meaning as [a “DI Scheme member” under section 2 of the Deposit Insurance and Policy Owners’ Protection Schemes Act](#); ~~in section 2 of the Deposit Insurance Act 2005~~

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

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

[\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#)

[“Singapore dollar deposit liabilities” means the aggregate deposit liabilities incurred by the bank in Singapore dollars;](#)

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

“Singapore Government Securities” means any debt securities issued by the Government under any written law.

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

Asset Maintenance Requirement for Foreign Banks

4 [\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#) ~~Subject to paragraph 5, a foreign offshore bank shall maintain eligible assets of not less than \$5 million in Singapore at all times.~~

5 [\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#) ~~Where a foreign offshore bank has eligible assets which are used to meet any requirements in relation to minimum liquid assets or minimum cash balances, the bank—~~

~~(a) may deduct such eligible assets from the \$5 million requirement in paragraph 4; and~~

~~(b) in such a case, need only maintain eligible assets for the balance sum for the purposes of section 40 of the Act.~~

6 A foreign full bank ~~must~~[shall](#) maintain in Singapore at all times –

(a) [eligible assets sufficient to maintain](#) an asset maintenance ratio of not less than 0.35; or

(b) eligible assets of \$5 million,

whichever ~~will~~[results](#) in a higher amount of eligible assets ~~in Singapore~~ [being maintained](#).

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

- 7 A foreign wholesale bank ~~must~~shall maintain in Singapore at all times—
- (a) eligible assets sufficient to maintain an asset maintenance ratio of not less than 0.15; or
 - (b) eligible assets of \$5 million,

whichever ~~will~~results in a higher amount of eligible assets ~~in Singapore~~being maintained.

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

Computation of Eligible Assets

8 For the purposes of paragraphs ~~4~~, 6(b) and 7(b), the bank must calculate ~~the~~ eligible assets ~~shall be calculated~~ in accordance with the following formula:

Value of eligible assets, $V = \Sigma[A \times B]$

Where A is the value of any eligible asset which—

- (a) is reflected as an asset in the books of the foreign bank in relation to its operations in Singapore;
- (b) is free from any prior encumbrances;
- (c) does not arise or result from any contractual or other arrangements with, or investments in, a counterparty related to the bank; and
- (d) is not used to meet any requirements in relation to minimum liquid assets or minimum cash balances; and

B is the percentage applicable to a particular eligible asset specified in the second column of Annex 1.

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

9 For the purposes of ~~this~~ paragraph ~~8~~, a bank must value an eligible asset ~~shall be valued~~ at its carrying value.

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

Computation of Asset Maintenance Ratio

10 For the purposes of paragraphs 6(a) and 7(a), a bank must calculate the asset maintenance ratio ~~shall be calculated~~ in accordance with the following formula:

$$\text{Asset maintenance ratio} = \frac{V}{C}$$

Where V is the value of eligible assets calculated under paragraph 8; and

C is ~~the liabilities of the bank, which shall comprise~~ the aggregate amount of all Singapore dollar deposit liabilities (including accrued interests) incurred by the bank with non-bank customers, ~~other than deposit liabilities incurred by the bank with non-bank customers when operating an Asian Currency Unit approved under section 77 of the Act,~~ computed on a gross basis as at—

- (i) 31 December of the preceding year or the end of two preceding quarters² (each, a “computation method”), as the bank may in its discretion adopt³; or
- (ii) in the case where a foreign bank is licensed by the Authority during the course of a financial year, as at the date on which the foreign bank commences banking business.

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

10A For the purposes of paragraph 10(i), a bank that has adopted one of the computation methods to compute C must not thereafter change the computation method adopted unless it has obtained the prior approval of the Authority.

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

11 Notwithstanding paragraph 10, in computing its asset maintenance ratio—

- (a) a bank may exclude from the value of C the following deposit liabilities:
 - (i) any deposit liability incurred in respect of ~~any~~ deposit pledged, charged or secured as collateral for a debt which is an eligible asset as specified in the first column of Annex 1, and where the amount outstanding under the debt is less than the amount of deposit, the part of the deposit liability ~~in respect of the part of the deposit~~ equivalent to the amount outstanding; and
 - (ii) any deposit liability incurred in respect of ~~any~~ deposit or part thereof, set aside for a debt which is an eligible asset specified in the first column of Annex 1, where—

² For example, deposit liabilities as at 31 December will be the basis for compliance for the period 1 April to 30 June. Similarly, 31 March will be the reference date for the maintenance period 1 July to 30 September, and so on.

³ ~~Once a bank has adopted a particular approach in computing its deposit liabilities, the bank shall not change its approach except with the prior approval of the Authority.~~ [\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#)

(A) there is a contractual set-off agreement between the bank and the customer; and

(B) the deposit or part thereof which has been set aside cannot be withdrawn by the customer unless and until the debt is fully paid up,

and where the amount outstanding under the debt is less than the deposit or part thereof which has been set aside, the part of the deposit liability ~~in respect of the part of the deposit~~ equivalent to the amount outstanding; and

(b) where the bank has excluded any deposit liability set out in sub-paragraph (a) from the value of C, the bank ~~must~~shall exclude a value equivalent to the excluded deposit liability from the value of V.

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

12 ~~Subject to paragraph 8, w~~Where a foreign full bank is a Scheme member, assets (including eligible pledged assets as defined under the Deposit Insurance and Policy Owners' Protection Schemes (Deposit Insurance) Regulations 2011~~–Deposit Insurance Regulations 2006~~ (the “**Deposit Insurance Regulations**”)) maintained under regulation ~~4–5~~ of the Deposit Insurance ~~those~~ Regulations may be used to meet the asset maintenance requirements under paragraph 6, subject to the condition that such assets meet the requirements set out in paragraph 8(a) to (d).

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

Submission of ~~Quarterly Reports~~Asset Maintenance Returns

13 A foreign bank ~~must~~shall submit to the Authority a report signed by its chief executive or its chief financial officer in Singapore, in the format and frequency as specified by the Authority. ~~provided at Annex 2 of this Notice, not later than 15 days from 31 March, 30 June, 30 September and 31 December respectively.~~

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

Effective Date

14 ~~Subject to paragraph 15, t~~his Notice shall take effect on 11 June 2007.

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

15 ~~[Deleted by MAS Notice 640 (Amendment) 2021] A foreign bank carrying on banking business immediately before 31 March 2007 shall continue to comply with the requirements set out in the repealed section 40 of the Act, and comply with this Notice with effect from 1 October 2007.~~

***Notes on history of amendments**

- 1 MAS Notice 640 (Amendment) 2009 with effect from 7 May 2009.
- 2 MAS Notice 640 (Amendment) 2011 with effect from 13 April 2011.
- 3 [MAS Notice 640 \(Amendment\) 2021 with effect from 1 July 2021.](#)

Annex 1

ELIGIBLE ASSETS

	<i>First column</i> <i>Type of Asset</i>	<i>Second column</i> <i>Percentage</i>
1	Any note or coin kept in Singapore	85%
2	Any deposit placed with the Authority, after deducting any moneys due to the Authority ¹	85%
	[MAS Notice 640 (Amendment) 2021]	
2A	Any debt securities issued by the Authority under the Monetary Authority of Singapore Act (Cap. 186) ^{1A}	85%
	[MAS Notice 640 (Amendment) 2011] [MAS Notice 640 (Amendment) 2021]	
3	Any Singapore Government Securities ²	85%
	[MAS Notice 640 (Amendment) 2021]	
3A	Any sukuk issued by Singapore Sukuk Pte Ltd ³ – (i) which is denominated in Singapore dollars; (ii) that has its certificate kept in Singapore in the case of securities transferable by delivery, or that has its register kept in Singapore in the case of securities transferable by registration; and (iii) not held through a clearing and depository system, custodian or any intermediary incorporated outside Singapore	85%
	[MAS Notice 640 (Amendment) 2009] [MAS Notice 640 (Amendment) 2021]	

¹ ~~[\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#)For reverse repurchase agreements, banks may only recognise as eligible assets, the SGS or sukuk held by the bank under such agreements, and not the corresponding amount due from the Authority.~~

~~[MAS Notice 640 (Amendment) 2009]~~

^{1A} ~~[\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#)Excluding those held under repurchase agreements or pledged to third parties.~~

~~[MAS Notice 640 (Amendment) 2011]~~

² ~~[\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#)Excluding those held under repurchase agreements or pledged to third parties.~~

³ ~~[\[Deleted by MAS Notice 640 \(Amendment\) 2021\]](#)Excluding those held under repurchase agreements or pledged to third parties.~~

~~[MAS Notice 640 (Amendment) 2009]~~

- 4(a) Any debt security – 85%
- (i) which is issued by a statutory board in Singapore (other than the Authority);
[MAS Notice 640 (Amendment) 2011]
 - (ii) which is denominated in Singapore dollars;
 - (iii) that has its certificate kept in Singapore in the case of securities transferable by delivery, or that has its register kept in Singapore in the case of securities transferable by registration;
 - (iv) not held through a clearing and depository system, custodian or any intermediary incorporated outside Singapore; and
 - (v) guaranteed by the Government
- 4(b) Any debt security – 80%
- (i) which is issued by a statutory board in Singapore (other than the Authority);
[MAS Notice 640 (Amendment) 2011]
 - (ii) which is denominated in Singapore dollars;
 - (iii) that has its certificate kept in Singapore in the case of securities transferable by delivery, or that has its register kept in Singapore in the case of securities transferable by registration;
 - (iv) not held through a clearing and depository system, custodian or any intermediary incorporated outside Singapore; and
 - (v) not guaranteed by the Government
- 5(a) Any debt security (other than a sukuk under item 3A) – 75%
- (i) which is issued by a company resident in Singapore (other than a banking corporation or a merchant bank);
 - (ii) which is denominated in Singapore dollars;
 - (iii) which is not classified;
 - (iv) that has its certificate kept in Singapore in the case of securities transferable by delivery, or that has its register kept in Singapore in the case of securities transferable by registration;
 - (v) not held through a clearing and depository system, custodian or any intermediary incorporated outside Singapore; and
 - (vi) which has a rating of investment grade

[MAS Notice 640 (Amendment) 2009]

5(b)	<p>Any debt security –</p> <ul style="list-style-type: none"> (i) which is issued by a company resident in Singapore (other than a banking corporation or a merchant bank); (ii) which is denominated in Singapore dollars; (iii) which is not classified; (iv) that has its certificate kept in Singapore in the case of securities transferable by delivery, or that has its register kept in Singapore in the case of securities transferable by registration; (v) not held through a clearing and depository system, custodian or any intermediary incorporated outside Singapore; and (vi) which is below investment grade or unrated 	60%
6	<p>Any share listed on a securities exchange and issued by a company (other than a banking corporation or a merchant bank) where –</p> <ul style="list-style-type: none"> (a) in the case of a company incorporated outside Singapore: <ul style="list-style-type: none"> (i) the shares are transferable by delivery; (ii) the share certificates are kept in Singapore; and (iii) the shares are not held through a clearing and depository system, custodian or any intermediary incorporated outside Singapore; and (b) in the case of a company incorporated in Singapore, the shares are not held through a clearing and depository system, custodian or any intermediary outside Singapore 	55%
7(a)	<p>Any outstanding amount due to the bank under a housing loan granted to an individual resident in Singapore which is denominated in Singapore dollars and is not classified</p>	85%
7(b)	<p>Any outstanding amount due to the bank under a credit facility (other than a housing loan under item 7(a)) granted to an individual or company (other than a banking corporation or a merchant bank), where:</p> <ul style="list-style-type: none"> (i) the borrower is resident in Singapore; (ii) the debt is denominated in Singapore dollars; and (iii) the debt is not classified 	70%

- 8 Any bill of exchange accepted by an individual or a company (other than a banking corporation or a merchant bank) resident in Singapore, which – 60%
- (a) is denominated in Singapore dollars;
 - (b) is not classified;
 - (c) is kept in Singapore; and
 - (d) fulfils the conditions in Appendix ~~23~~ to MAS Notice ~~649613~~

[MAS Notice 640 (Amendment) 2009]
[\[MAS Notice 640 \(Amendment\) 2021\]](#)

- 9 Any interest in or right over immovable property in Singapore, including any interest in or right over immovable property or any part thereof used for the purpose of conducting the business of the bank or housing or providing amenities for its officers 60%

Notes

1. For the purposes of paragraph 2 of this Annex, in the case of reverse repurchase agreements, the bank may only recognise as eligible assets, the Singapore Government Securities or sukuk held by the bank under such agreements, and must not recognise the corresponding amount due from the Authority.

2. For the purposes of paragraphs 2A, 3 and 3A of this Annex, the bank must not recognise any debt security, any Singapore Government Security and any sukuk, respectively, that—

- (a) is held by the bank under a repurchase agreement; or
- (b) has been pledged by the bank to any third party.

[\[MAS Notice 640 \(Amendment\) 2021\]](#)

Annex 2

**THE MONETARY AUTHORITY OF SINGAPORE
THE BANKING ACT, CAP. 19 (Section 40)**

Asset Maintenance Requirement Quarterly Return
(Name of Bank)
at close of business on (month/year)

Part I: Eligible Assets/Pledged Assets

Singapore Dollars '000

	Asset Category	Eligible Assets			Eligible Pledged Assets			Adjusted Value of Eligible/ Pledged Assets (vii)=(iii)+(vi)
		Asset Value (i)	Adjustment Factor (ii)	Adjusted Value (iii)=(i)x(ii)	Asset Value (iv)	Adjustment Factor (v)	Adjusted Value (vi)=(iv)x(v)	
1	Notes and coins	<input type="text"/>	85%	<input type="text"/>	<input type="text"/>	100%	<input type="text"/>	<input type="text"/>
2	Amounts due from MAS (net)	<input type="text"/>	85%	<input type="text"/>	<input type="text"/>	100%	<input type="text"/>	<input type="text"/>
2A	Debt securities issued by the Authority	<input type="text"/>	85%	<input type="text"/>	<input type="text"/>	100%	<input type="text"/>	<input type="text"/>
3	Singapore Government Securities	<input type="text"/>	85%	<input type="text"/>	<input type="text"/>	100%	<input type="text"/>	<input type="text"/>
3A	Securities of Singapore Sukuk Pte Ltd	<input type="text"/>	85%	<input type="text"/>	<input type="text"/>	100%	<input type="text"/>	<input type="text"/>
4	Debt securities issued by a statutory board in Singapore (other than the Authority)							
(a)	Guaranteed by the Government	<input type="text"/>	85%	<input type="text"/>	<input type="text"/>	100%	<input type="text"/>	<input type="text"/>
(b)	Not guaranteed by the Government	<input type="text"/>	80%	<input type="text"/>	<input type="text"/>	95%	<input type="text"/>	<input type="text"/>
5	Debt securities issued by a company resident in Singapore							
(a)	Investment grade	<input type="text"/>	75%	<input type="text"/>	<input type="text"/>	90%	<input type="text"/>	<input type="text"/>
(b)	Below investment grade or unrated	<input type="text"/>	60%	<input type="text"/>				<input type="text"/>
6	Shares issued by companies							
(a)	Incorporated in Singapore	<input type="text"/>	55%	<input type="text"/>	<input type="text"/>	70%	<input type="text"/>	<input type="text"/>
(b)	Incorporated outside Singapore	<input type="text"/>	55%	<input type="text"/>	<input type="text"/>	55%	<input type="text"/>	<input type="text"/>
7	Outstanding amount of credit facilities granted							
(a)	Housing loans to individuals	<input type="text"/>	85%	<input type="text"/>				<input type="text"/>
(b)	Other loans	<input type="text"/>	70%	<input type="text"/>				<input type="text"/>

8	Bills of exchange	<input type="text"/>	60%	<input type="text"/>	<input type="text"/>
9	Immovable property in Singapore	<input type="text"/>	60%	<input type="text"/>	<input type="text"/>
	Total Adjusted Value of Eligible/Pledged Assets			<input type="text"/>	<input type="text"/>

Part II: Asset Maintenance Ratio

Singapore Dollars '000

Item		
Asset Maintenance Ratio		
(a)	Non-bank deposit liabilities in the DBU (as at _____) [please specify date of deposit liabilities]	<input type="text"/>
(b)	Total adjusted value of eligible assets/pledged assets [from Part I]	<input type="text"/>
(c)	Asset maintenance ratio $[(b)/(a)]$	<input type="text"/>

* Eligible pledged assets are as defined under the Deposit Insurance Regulations 2006.

Name of Chief Executive/Chief Financial Officer

Signature

Date

[Deleted by MAS Notice 640 (Amendment) 2021]