

Annex D

Draft Notice to Licensed Credit Bureaus and Approved Members

**THIS VERSION OF THE NOTICE IS IN DRAFT FORM AND IS
SUBJECT TO CHANGE.**

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**NOTICE TO LICENSED CREDIT BUREAUS AND APPROVED MEMBERS
CREDIT BUREAU ACT 2016, CAP. [Act 27 of 2016]**

1 INTRODUCTION

1.1 This Notice is issued pursuant to section 75(1) of the Credit Bureau Act 2016 (Act 27 of 2016) (“the Act”) and applies to all licensed credit bureaus and approved members.

2 DEFINITIONS

2.1 For the purposes of this Notice —

“AMC” means an Approved Members Committee referred to in paragraph 3.5;

“Code of Conduct” means the Code of Conduct referred to in paragraph 3.1;

“DRC” means a Dispute Resolution Committee referred to in paragraph 3.3;

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

“identity card” has the same meaning as in section 2(1) of the National Registration Act (Cap. 201);

“legal person” means an entity other than a natural person that can own property;

“work pass” has the same meaning as section 2 of the Employment of Foreign Manpower Act (Cap. 91A).

2.2 The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in section 2 of the Act.

3 REQUIREMENTS FOR LICENSED CREDIT BUREAU

Governance Requirements for Licensed Credit Bureau

Code of Conduct

- 3.1 A licensed credit bureau must have a Code of Conduct for the licensed credit bureau and its approved members. The Code of Conduct must cover, at the very minimum, the standards of conduct for the following processes:
- (a) the obligations of the licensed credit bureau and its approved members in respect of the protection of the confidentiality, security and integrity of any data that is held by them;
 - (b) the process and the frequency for approved members to provide, receive or request data;
 - (c) the process for investigating and correcting any error or omission in any data or in any information in a credit report;
 - (d) the process for resolving matters referred to in paragraph 3.3, apart from the matter mentioned in paragraph 3.1(c);
 - (e) the action that would be taken against any approved member that fails to comply with the Code of Conduct; and
 - (f) the process for processing a data subject's purchase of a copy of a credit report.
- 3.2 The Code of Conduct must be reviewed by the licensed credit bureau at least once a year, or when there is a change in the terms of the contract or arrangement between the licensed credit bureau and its approved members.

Dispute Resolution Committee ("DRC")

- 3.3 A licensed credit bureau must establish an DRC, or an equivalent body, to be responsible for resolution of the following matters:
- (a) a complaint made by a data subject in respect of any error or omission in any data in the data subject's credit report;
 - (b) a complaint made by a natural person or legal person who is appointed by the data subject to act on his behalf in respect of any error or omission in any data in the data subject's credit report;
 - (c) a dispute between a data subject and the licensed credit bureau in respect of any error or omission in any data in the data subject's credit report; and

- (d) a dispute between a data subject and an approved member in respect of any error or omission in any data in the data subject's credit report.

3.4 The licensed credit bureau must provide for the DRC to –

- (a) report directly to the Board of Directors of the licensed credit bureau; and
- (b) be a standing committee of at least 5 persons ("DRC members"), with at least one-fifth of the DRC members being independent of the licensed credit bureau and its approved members.

Approved Members Committee ("AMC")

3.5 A licensed credit bureau must establish an AMC, or an equivalent body, to be responsible for reviewing and coordinating the operational matters concerning the credit reporting processes between the approved members and the licensed credit bureau.

3.6 The licensed credit bureau must provide for the AMC to –

- (a) adhere to the licensed credit bureau's terms of reference in the AMC's review and coordination of the matters mentioned in paragraph 3.5; and
- (b) be a standing committee of at least 5 persons ("AMC members"), with at least –
 - (i) one representative from each class of approved member specified in the First Schedule to the Act; and
 - (ii) one-fifth of the AMC members being independent of the licensed credit bureau and its approved members.

3.7 The licensed credit bureau must notify the Authority of any change in the composition of AMC or DRC members not more than 7 calendar days after the occurrence of the change.

3.8 The licensed credit bureau must have terms of reference that set out the duties and responsibilities of the AMC and DRC.

Business Continuity Management

3.9 A licensed credit bureau must maintain at all times a plan of action (referred to in this Notice as a business continuity plan) that allows it to continue to fulfill its duties in the event of a disruption. The business continuity plan must set out the procedures and establish the systems necessary to restore safe and efficient operations of the licensed credit bureau in the event of any disruption to the processes of the licensed credit bureau.

- 3.10 The licensed credit bureau must review and test the procedures and systems referred to in paragraph 3.9 on a regular basis. The frequency of review must be specified in the business continuity plan.
- 3.11 The licensed credit bureau must immediately notify the Authority of any activation of its business continuity plan.
- 3.12 The licensed credit bureau must, within 14 calendar days or such longer period as may be permitted by the Authority, inform the Authority of any material change to the business continuity plan and must submit a copy of the new plan to the Authority.

Verification of Identity of a Data Subject and Persons Appointed to Act on the Behalf of the Data Subject

- 3.13 Where a data subject requests his credit report in person, a licensed credit bureau must, before releasing the credit report, verify the identity of the data subject.
- 3.14 Where the data subject appoints a legal person or a natural person to act on his behalf in requesting his credit report in person, the licensed credit bureau must, before releasing the credit report, verify –
- (a) the identity of the legal person or natural person who acts on behalf of the data subject; and
 - (b) the due authority of the legal person or natural person appointed to act on behalf of the data subject by obtaining the appropriate documentary evidence authorising the appointment of such natural or legal person by the data subject to act on his or its behalf, including the written consent from the data subject.
- 3.15 For the purposes of paragraphs 3.13 and 3.14, a licensed credit bureau must obtain and verify at least the following information based on reliable, independent source data, documents or information provided by a competent government authority such as the Immigration and Checkpoints Authority (or an equivalent foreign public authority), the Ministry of Manpower, or the Accounting and Corporate Regulatory Authority:
- (a) full name, including any aliases;
 - (b) unique identification number (such as an identity card number, work pass number, birth certificate number or passport number, incorporation number or business registration number, as may be appropriate);
 - (c) photograph, where the data subject or person acting on behalf of the data subject is a natural person;

- (d) date of birth, establishment, incorporation or registration (as may be appropriate); and
 - (e) nationality, place of incorporation or place of registration (as may be appropriate).
- 3.16 The licensed credit bureau must be able to provide evidence that the identity of the data subject or the legal person or natural person appointed to act on behalf of the data subject has been verified, upon request by the Authority.
- 3.17 For the avoidance of doubt, if the licensed credit bureau is unable to implement the verification measures described in paragraphs 3.13 to 3.16, it must not disclose the credit report to the data subject or the natural or legal person appointed to act on his behalf.
- 3.18 The licensed credit bureau must take reasonable care to ensure that any third party that it appoints to act on its behalf complies with paragraphs 3.13 to 3.17, as if the third party is the licensed credit bureau.

Validation of Approved Members' Requests for Credit Reports and Other Customer Information

- 3.19 Where an approved member or the approved member's officer requests access to any customer information (including a credit report) in the possession or under the control of the licensed credit bureau, the licensed credit bureau must take reasonable steps to ensure that the request made by the approved member or any of the approved member's officers is made for the purpose mentioned in section 33(2) of the Act.

Investigation and Correction of Disputed Data by a Licensed Credit Bureau

- 3.20 Where a data subject or a data provider makes a request under section 18 of the Act to correct an error or omission in any data that is in the possession or under the control of a licensed credit bureau (referred to in this paragraph and paragraphs 3.21 to 3.23 as "disputed data"), the licensed credit bureau must conduct and complete an investigation to ascertain the accuracy and completeness of the disputed data within 5 business days from –
- (a) the date when the request was received by the approved member, if the data subject had made the request with an approved member; or
 - (b) the date when the request was received by the licensed credit bureau, if the request is made by the data subject directly with the licensed credit bureau.

- 3.21 Where the licensed credit bureau requires more time to conduct and complete the investigation of the disputed data, it must seek the Authority's approval as soon as practicable from the date of receipt of the request from the data subject or data provider. The Authority may approve the request for extension if the Authority is satisfied that the licensed credit bureau had acted promptly to conduct the investigation of the disputed data, and that the need for extension is due to factors beyond the licensed credit bureau's control, which includes, but is not limited to the following:
- (a) the time taken by an approved member to inform the licensed credit bureau of the request by the data subject (in a case where the data subject had made the request with the approved member); or
 - (b) the time required or taken by the data subject, data provider or other relevant parties to respond to the licensed credit bureau's investigation.
- 3.22 If any disputed data has to be corrected, the licensed credit bureau must correct the data and send the corrected data to every approved member to which the licensed credit bureau disclosed the data within a year before the date the correction was made, within 7 business days from the date of receipt of the request, unless an extension by the Authority has been granted, in which case, the licensed credit bureau must correct the disputed data and send the corrected data to every approved member within a timeframe set by the Authority. The licensed credit bureau must also inform the data subject or data provider of the outcome of the investigation and follow up action taken, if any, in writing.

Maintaining Data Integrity

- 3.23 A licensed credit bureau must not –
- (a) combine, aggregate or group the disputed data with any non-disputed data; and
 - (b) include such disputed data in the generation or derivation of indicators of creditworthiness reflected in the credit report of the data subject, including but not limited to –
 - (i) account status;
 - (ii) repayment trend;
 - (iii) default score; and
 - (iv) credit score

Regular Validation of Credit Scoring Model

- 3.24 A licensed credit bureau must ensure that its credit scoring methodology is robust and sufficiently predictive of credit risk.

- 3.25 The licensed credit bureau must validate its credit scoring models using sanitised historical data from approved members at least once every 2 years. The sanitised historical data must not contain personal identifiable information.

4 REQUIREMENTS FOR APPROVED MEMBERS

Maintenance of Records for Periodic Audits or Investigation

- 4.1 An approved member must maintain a record of the evidence used to support its request for access to customer information (which is made pursuant to section 33(1) of the Act) for a period of at least 5 years from the date of its request. Such evidence must be made available to the licensed credit bureau for audit or investigation purposes.

Duty to Maintain Confidentiality of Customer Information

- 4.2 Where an approved member or the approved member's officer requests access to any customer information (including credit report) in the possession or under the control of the licensed credit bureau, the approved member or the approved member's officer must ensure that the request for access is supported by the following documents:
- (a) if the request for access is made for the purpose of a credit application, a valid, time-stamped and complete credit application form that is authorised by the data subject for a credit application; or
 - (b) if the request for access is made for the purpose of a periodic credit review, documentary evidence to prove that the data subject is an existing customer of the approved member at the time of the request.
- 4.3 For the purpose of the licensed credit bureau's periodic audit or investigation of the approved member's requests for access to any customer information, an approved member must make available the documents mentioned in paragraph 4.2 to the licensed credit bureau.

Investigation and Correction of Disputed Data by Approved Member

- 4.4 Where a data subject makes a request under section 35(1) of the Act to an approved member to correct an error or omission in any data of the data subject that has been processed by the licensed credit bureau and is in the possession or under the control of the approved member (referred to in this paragraph and paragraphs 4.5 to 4.6 as "disputed data"), the approved member must conduct and complete an investigation to

ascertain the accuracy and completeness of the disputed data within 5 business days from –

- (a) the date when the request was received by the licensed credit bureau, if the data subject had made the request with a licensed credit bureau; or
- (b) the date when the request was received by the approved member, if the data subject had made the request directly with the approved member.

4.5 Where the approved member requires more time to conduct and complete the investigation of the disputed data, it must seek the Authority's approval as soon as practicable from the date of receipt of the request from the data subject. The Authority may approve the request for extension if the Authority is satisfied that the approved member had acted promptly to conduct the investigation of the disputed data, and that the need for extension is due to factors beyond the approved member's control, which includes, but is not limited to the following:

- (a) the time taken by the licensed credit bureau to inform the approved member of the request by the data subject (in a case where the data subject had made the request with the licensed credit bureau); or
- (b) the time required or taken by the data subject to respond to the approved member's investigation.

4.6 If any disputed data has to be corrected, the approved member must correct the data and inform the licensed credit bureau in writing of its assessment that a correction to the data should be made within 7 business days from the date of the receipt of the request, unless an extension by the Authority has been granted, in which case, the approved member must correct the disputed data and inform the licensed credit bureau within a timeframe set by the Authority. The approved member must inform the data subject of the outcome of the investigation and follow up action taken, if any, in writing. Notwithstanding the above, the approved member must also inform the licensed credit bureau where it has assessed that the correction to the disputed data should not be made.

Timely Submission of Data to Licensed Credit Bureau

4.7 An approved member must submit any data that it is obliged to provide to a licensed credit bureau for the purposes of the licensed credit bureau's credit reporting business before the first business day of each week.

5 PROVISION OF INFORMATION TO THE AUTHORITY AND FOREIGN ENTITIES

Submission of Data by Licensed Credit Bureau to the Authority

- 5.1 A licensed credit bureau, must furnish, or must ensure that any person acting on its behalf furnishes, to the Authority, on or before 21st day of each month, the following information:
- (a) the number of enquiries received for the previous calendar month from each approved member;
 - (b) the number of resolved and unresolved disputes raised by data subjects in relation to the confidentiality, security or integrity of the data processed by the licensed credit bureau for the previous calendar month;
 - (c) the number of errors in relation to the completeness and accuracy of data submitted by each approved member in the previous calendar month that was discovered by the licensed credit bureau;
 - (d) the number of late submissions of data by each approved member for the previous calendar month; and
 - (e) such other information as the Authority may require for the purposes of the Act.
- 5.2 The information must be submitted to the Authority in a form and in a manner specified by the Authority.

Submission of Periodic Reports by Licensed Credit Bureau to the Authority

- 5.3 A licensed credit bureau must submit to the Authority the following reports:
- (a) within 3 months after the end of its financial year or such longer period as the Authority may permit, copies of the following documents:
 - (i) financial statements (including consolidated financial statements) and directors' report prepared in accordance with the provisions of the Companies Act (Cap. 50);
 - (ii) auditors' long form report; and
 - (b) a report relating to the business of operating the licensed credit bureau, at such time or on such periodic basis as may be specified by the Authority.
- 5.4 The auditors' long form report referred to in paragraph 5.3(a)(ii) must include the following findings and recommendations of the auditors, if any, on:
- (a) the internal controls of the licensed credit bureau; and
 - (b) the non-compliance with any of the following:
 - (i) provision of the Act;

- (ii) direction issued by the Authority under the Act; and
- (iii) other relevant laws or regulations.

6 TRANSMISSION OR STORAGE OF DATA OUTSIDE SINGAPORE

6.1 A licensed credit bureau must seek the prior approval of the Authority in writing before entering into any arrangement to host or process data outside Singapore.

6.2 The licensed credit bureau applying for approval to host or process data outside Singapore must submit to the Authority the following documents:

- (a) a written application that addresses the following:
 - (i) states its intention to host or process data outside Singapore;
 - (ii) explains the background for its intention to host or process data outside Singapore;
 - (iii) discusses and explains the impact on the licensed credit bureau, approved members and data subjects; and
 - (iv) an assessment of the associated risks (e.g. confidentiality, integrity, security, correction, retention and disposal of data) and the mitigating measures;
- (b) a consumer education and public awareness plan and corresponding timelines;
- (c) a dispute resolution plan; and
- (d) a written statement by each approved member's representative on the licensed credit bureau's AMC –
 - (i) stating their support of the licensed credit bureau to host or process the data outside Singapore; and
 - (ii) their agreement with (a)(i) – (iv).

Effective Date

7 This Notice shall take effect on [date of Act commencement].

Transitional Provisions

8 Despite paragraph 7 –

- (a) paragraphs 3.3 to 3.8, 3.20 to 3.23 and 4.4 to 4.6 will take effect on [6 months after date of Act commencement]; and
- (b) paragraph 4.7 will take effect on [12 months after date of Act commencement].