

CONSULTATION PAPER

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Proposed Revisions To MAS Notice to Banks 610 and MAS Notice to Merchant Banks 1003 - Submission of Statistics and Returns

MAS

Monetary Authority of Singapore

PROPOSED REVISIONS TO MAS NOTICE TO BANKS 610 (“MAS 610”) AND MAS NOTICE TO MERCHANT BANKS 1003 (“MAS 1003”) – SUBMISSION OF STATISTICS AND RETURNS

PREFACE

i MAS is proposing revisions to MAS 610 and MAS 1003 as part of our ongoing review of Notices to financial institutions.

ii MAS invited comments from a group of respondents (refer to Appendix 1) on the proposed revisions late last year, and has taken these into consideration in the revision of the Notices and their corresponding returns. MAS thanks all respondents for their comments. Comments of wider interest are included in this paper.

iii This consultation paper invites all banks, merchant banks and their audit firms for comments on the proposed revisions to MAS 610 and MAS 1003 (Appendix 3 and 4). Interested parties can provide their comments and feedback on the proposed revisions to:

Macroeconomic Surveillance Department

Monetary Authority of Singapore

10 Shenton Way

MAS Building

Singapore 079117

Email: 610_1003consultation@mas.gov.sg

iv MAS requests that all comments and feedback be submitted by 5 February 2015. Please note that all submissions may be made public unless confidentiality is specifically requested for the whole or part of the submission.

1 INTRODUCTION

1.1 Banks and merchant banks are critical to Singapore's financial system, and it is important to ensure that the data MAS collects remains relevant and up-to-date with developments in the financial industry. MAS reviews its regulatory returns on an ongoing basis, and proposes changes where necessary.

1.2 MAS is conducting a public consultation on its proposal to revise the data collected under MAS 610 and MAS 1003, following a consultation with a select group of respondents in January 2014.

1.3 Our responses to the general feedback received during the earlier consultation are elaborated in the following paragraphs. Responses to other issues are detailed in Appendix 2.

2 IMPLEMENTATION TIMELINE

2.1 MAS initially proposed 6 to 9 months, after the issuance of the Notices, for banks and merchant banks to comply with the new submission requirements. Respondents had indicated constraints in meeting this timeline. To allow banks and merchant banks time to modify their systems to meet the revised reporting requirements, MAS is proposing a period of 18 months following the issuance of the Notices, for banks and merchant banks to implement the changes.

2.2 To facilitate MAS' tracking of implementation progress and allow us to pre-empt potential implementation issues, we expect banks and merchant banks to provide two six-monthly updates of implementation status before the final implementation expected at the end of the 18-month period.

3 REPORTING DEADLINE

3.1 Banks and merchant banks involved in the earlier consultation have provided feedback that it would be challenging to meet the proposed reporting deadline given the expanded scope of data to be submitted under

the revised Notices. A number of respondents would like the reporting deadline for the monthly, quarterly, half-yearly and yearly forms to be lengthened.

3.2 MAS subscribes to the International Monetary Fund’s (“IMF”) Special Data Dissemination Standard which requires the publication of the Central Bank Survey within two weeks after the end of the reference month. Certain categories of information would have to continue to be reported on a monthly basis to fulfil MAS’ reporting responsibilities to the IMF.

3.3 However, where possible, effort has been made to ease the reporting burden on banks and merchant banks by shifting the reporting of more granular information onto a quarterly, half-yearly or yearly basis. The proposed submission deadlines for the reporting forms are as follows:

Reporting Forms	Submission Deadline
Monthly	T + 10
Quarterly	T + 30
Half-yearly	T + 30
Yearly	T + 30
For the quarterly/half-yearly/yearly consolidated and standalone reporting forms for locally-incorporated banks (other than foreign-owned)	T + 45

4 PRESENTATION

4.1 The proposed reporting forms are modelled after the financial statements that banks and merchant banks prepare on a regular basis. For example, the figures reported in the proposed “Statement of Financial Position” (Appendices B1 and B2), the “Contingent Liabilities” (Appendix B3_1A) and “Commitments” (Appendix B3_1B) should reflect the financial condition of the banks and merchant banks. The aforementioned appendices are supported by the other reporting forms to provide more financial or qualitative information. Banks and merchant banks are thus required to prepare the reporting forms in accordance with the Singapore Financial Reporting Standards, unless otherwise stated by the MAS.

Accrued Interest Receivable and Payable

4.2 Several respondents commented that the proposed instruction for accrued interest to be included in the underlying assets/liabilities may not reconcile with the presentation in most financial statements where accrued interest is usually recorded and classified separately in “Other assets” and “Other liabilities” in the Statement of Financial Position.

4.3 Accrued interest should be included in the outstanding amounts of the financial assets or liabilities that give rise to the accrued interest. Currently, the accrued interest receivable on revolving loans and advances forms part of the outstanding amounts of “loans and advances” whereas the accrued interest receivable on term loans is separately presented in “other assets”. In principle, accrued interest receivable on loans and securities as well as other financial assets recorded in “other assets” should be reclassified as part of the outstanding amounts of these financial assets. Similarly, accrued interest payable recorded in “other liabilities” should be reclassified as part of the outstanding amounts of the underlying financial liabilities. This approach would result in uniform treatment of accrued interest across all interest-bearing assets and liabilities.

Amounts Due From/To Banks

4.4 Some respondents have proposed that nostro and interbank lending balances be reported separately in the Statement of Financial Position, in line with current financial reporting disclosure.

4.5 Bank-to-bank transactions are not limited to “amounts due from/to banks”. For example, some banks reported their bank-to-bank transactions in “bills discounted or purchased”. Therefore, the design of the Statement of Financial Position for the proposed MAS 610 and MAS 1003 is first based on the nature of the transactions to ensure that each asset and liability item therein fully captures transactions of the same nature. The Statement of Financial Position is then supported by disclosure of the counterparties behind such asset or liability items in other appendices.

4.6 Banks' nostro accounts and interbank lendings are to be reported under "cash and balances" while their vostro accounts and interbank takings are to be reported under "deposits and balances".

Positive and Negative Fair Value of Financial Derivatives

4.7 Some respondents have queried whether the fair values for financial derivatives should be reported on a gross or net basis in the Statement of Financial Position.

4.8 In line with the Singapore Financial Reporting Standards, unrealised gains or losses should be reflected as assets (positive fair values for financial derivatives) or liabilities (negative fair values for financial derivatives). Derivative assets and liabilities arising from different transactions are allowed to net off against one another only if the transactions are done with the same counterparty, a legal right of set-off exists, and the parties intend to settle the cash flows on a net basis.

5 Trades Executed Outside Singapore but Booked in Singapore and Trades Executed in Singapore but Booked Outside Singapore

5.1 Some audit firms have commented on the difficulty in validating trades executed outside Singapore but booked in Singapore, as well as trades executed in Singapore but booked outside Singapore.

5.2 MAS expects every bank and merchant bank to keep track of all trades booked in Singapore or executed on their premises here. Therefore, the auditors should also validate these transactions. Verification work to be performed by the external auditors could include obtaining confirmation from external auditors of the branches or head office or any other appropriate independent party where the trades are executed or booked.

6 Asian Currency Units

6.1 Some respondents commented on the inter-unit accounting and reporting burden arising from the need to maintain two books, namely the Domestic Banking Unit and Asian Currency Unit.

6.2 MAS is reviewing the feedback and has reduced the reporting requirements based on the DBU and ACU.

7 Business Rules

7.1 A few respondents have asked for business rules to be indicated on the reporting forms for clarity. As with the previous revisions to MAS 610/1003, the detailed business rules will be published and disseminated to the banks and merchant banks via MASNET in due course. Nevertheless, we have provided some general business rules to show the cross-references of the figures in the forms.

8 Frequently Asked Questions (“FAQ”)

8.1 An audit firm commented that banks and auditors would approach MAS to clarify or enquire on specific items for MAS 610/1003 reporting. As such interactions are usually done on a bilateral basis, it was recommended that MAS compile and update an FAQ document to provide guidance on specific items arising from queries by banks and auditors.

8.2 MAS will explore the usefulness of publishing an FAQ depending on the type and number of queries received. As set out in paragraph 4.1, reporting forms are to be prepared in accordance with the Singapore Financial Reporting Standards unless otherwise stated. Questions to MAS relating to accounting treatment or practices should be accompanied by the respective audit firm’s advice on the proposed treatment.

9 Duplication

9.1 A number of respondents pointed out that the information in other Notices including MAS 609, MAS 613 and reports submitted under s35 already captures some information in the proposed revisions to MAS 610.

9.2 MAS is aware of such duplications. As part of our ongoing review of Notices and returns, information will be streamlined to remove duplication of information where applicable.

10 Appendices on Assets by Country and By Counterparty (by Currency)

10.1 MAS has received feedback from some banks to standardise the reporting forms for ease of IT implementation. MAS would like to seek feedback from the industry on whether their preference is to have standardised reporting forms (Appendices D2 Annex 2 to 8) for ease of reporting, or to have customised reporting forms (Appendices D2 Annex 2a to 8a) to reduce reporting burden.

11 Collection of Additional P&L Data

11.1 MAS will be consulting the banks at a later date on additional P&L data items, to be collected outside of MAS 610 and MAS 1003 but still under the Banking Act. To manage reporting burden for the banks, these data will be streamlined with and collected at the same time as the Quarterly Income and Expenditure Statement, which the banks are currently submitting under the Statistics Act.

APPENDIX 1

Respondents

1. Citibank NA
2. Credit Suisse
3. DBS
4. Deloitte
5. Deutsche Bank
6. Ernst & Young
7. KPMG
8. Malayan Banking
9. OCBC
10. PwC
11. Standard Chartered Bank
12. State Bank of India
13. Sumitomo Mitsui Banking Corporation
14. UOB

APPENDIX 2

**PROPOSED REVISIONS TO MAS NOTICES 610 & 1003
 (SUBMISSION OF STATISTICS AND RETURNS)**

	RESPONDENTS' COMMENTS TO MAS¹	MAS' RESPONSE
<p>1</p> <p>Item 10</p>	<p><u>DEFINITIONS</u></p> <p><u>Definitions of "banks"</u></p> <p>Please clarify whether private banks, investment banks, multi-lateral development banks (e.g. Asian Development Bank) and international organisations (e.g. Bank for International Settlement (BIS), European Investment Bank (EIB), International Bank for Reconstruction and Development) are to be classified as "Banks"?</p> <p><u>Definition of "New loans"</u></p> <p>MAS may wish to consider aligning the definition of "New loans" to that in the existing MAS Notice 610 (i.e. "New loans" refers to the total amount approved regardless of their being disbursed or not).</p> <p>For loans disbursed in multiple tranches (or progressive disbursements), tracking of amount disbursed during the reporting month as new loans may not be feasible as the loan balances are tracked at the loan account level and not by disbursement.</p> <p>We seek clarification from the MAS whether any loan disbursement during a particular month, for which the facility limits were approved in a</p>	<p>Private banks and investment banks should be classified as "Banks". Multi-lateral development banks (e.g. Asian Development Bank) and international organisations (e.g. EIB, International Bank for Reconstruction and Development) should be classified as "International Organisations". BIS should be classified under "Official monetary authorities". For a list of international organisations and official monetary authorities, refer to Part IV of the "Guidelines to the International Locational Banking Statistics" which is available on the BIS website (http://www.bis.org) under the section "Statistics" -> "Banking".</p> <p>The definition of "new loans and advances" has been revised to refer to the total amount approved and accepted regardless of their disbursement. Loans and advances which are restructured, refinanced or extended within the same bank are not considered new loans and advances.</p> <p>No, these are not new loans, as the entire facility limit approved in a previous month would have been included under "New Loans".</p>

<p>Item 17</p>	<p>previous month, should be considered as "New Loans".</p> <p>We seek clarity from the MAS on whether "Top-up" for any existing loan should be considered as "New Loans".</p> <p><u>Standardisation of customer/counterparty categorisation</u></p> <p>To facilitate cross referencing across annexes and to align static data mapping, it would be helpful for MAS to consider standardising the classification of customer/counterparty across annexures.</p>	<p>Yes, if there is any increase in the limit of an existing loan, the "top-up" is a new loan.</p> <p>"MAS 610/1003 Items" chart is provided in the revised forms to facilitate consistency in customer/counterparty classification. Note however that transactions with all counterparty/customer do not happen across all account captions. For example, "cash and balances" are more prevalent among banks but not for households. Nevertheless, "MAS 610/1003 Items" chart is provided in the revised forms to facilitate consistency in customer/counterparty classification.</p>
<p>2</p> <p>Item 21/Item 3 of D2_All assets (Instructions)</p> <p>Item 22</p>	<p><u>GENERAL INSTRUCTIONS</u></p> <p><u>"Loans and advances" and "Bills discounted and purchased"</u></p> <p>Please confirm if there will be any changes to the reporting basis for "Loans and advances" and "Bills discounted and purchased" (i.e. the current reporting for "Loans and advances" is based on the residency of the borrower whereas for "Bills discounted and purchased", it is based on where the reporting bank will collect the proceeds on maturity of the bill.</p> <p><u>Assets are to be reported based on the carrying amount</u></p> <p>For statutory financial reporting presentation, "Loans and Advances" are analysed for example, by product, geography and industry on a gross basis. In line with this, we propose that "Loans and Advances" in the relevant annexes be analysed on a</p>	<p>In general, the "residency of borrowers" is used as a basis of reporting for MAS 610/1003. This, however, does not apply to financial instruments such as "Bills discounted and purchased" where there is a specific instruction on its reporting basis. Similarly, where there are specific instructions for the completion of certain forms, such instructions will override the general reporting basis of "residency of borrowers".</p> <p>MAS has accepted the respondent's suggestion and the reporting forms have been amended accordingly. Thus, items such as "loans and advances", "bills discounted or purchased" and "deposits" should be analysed <u>before</u> specific and collective allowances (by product,</p>

<p>Others</p>	<p>gross basis.</p> <p>To facilitate the tying of numbers, “Loans and advances” in Appendix B1 can be split to show Gross loans and advances, Specific allowances and Portfolio allowances.</p> <p>Could figures be reported in millions instead of thousands?</p>	<p>geography and industry) in the relevant reporting forms. However, the accrued interest receivable or payable therein should form part of the analyses.</p> <p>The reporting in thousands is meant to accommodate the varying sizes of banks and merchant banks operating in our banking industry. There are also new entrants whose numbers are not large at commencement of business.</p>
<p>3</p>	<p><u>NOTES FOR COMPLETION</u></p> <p>Please clarify if the revised MAS Notice 610 will still contain the section on “Notes for completion”.</p>	<p>The Notes for Completion will be removed. The instructions to each reporting form, where required, have been included either as footnotes or as specific instructions to the forms.</p>
<p>4</p> <p>a)</p> <p>b)</p>	<p><u>SCOPE OF REPORTING</u> <u>(Applicable to banks incorporated in Singapore (other than a foreign-owned bank incorporated in Singapore))</u></p> <p><u>Consolidated data</u> In the case of a bank that is held by a holding company, please clarify if the definition of Group would include the holding company.</p> <p><u>Individual Bank Subsidiary</u> Please confirm that reporting is applicable only to subsidiaries engaging in banking activities.</p> <p>Please clarify if the scope of reporting for a Bank Subsidiary will include its subsidiaries and overseas branches, where applicable.</p> <p>Please confirm that submissions under Annex A, B and C will be replaced.</p>	<p>For the purpose of reporting, the Group includes the holding company.</p> <p>For the purpose of reporting, it is only applicable to banking subsidiaries.</p> <p>Yes.</p> <p>Existing submissions under Annexes A, B and C will be replaced by the relevant proposed reporting forms in MAS 610.</p>
<p>5</p> <p>a)</p>	<p><u>REPORTING FREQUENCY</u></p> <p><u>Reporting frequency of the reporting</u></p>	

<p>b)</p>	<p><u>forms that provide a high-level overview of the bank's financial position</u></p> <p>MAS may wish to consider having reporting forms such as "Debt Securities", "Loans and Advances" submitted on a monthly instead of a quarterly basis for monitoring purposes.</p> <p><u>Reporting frequencies for reporting forms that are under the same appendices</u></p> <p>To ease operational implementation, reporting frequencies for reporting forms under the same Appendix should be the same. In this regard, for Appendices D2 and D4, quarterly reporting frequency for all annexes.</p>	<p>MAS will increase the frequency of these reporting forms if the need arises.</p> <p>The reporting frequencies for the relevant annexes are established based on internal monitoring needs. MAS reviews the returns/annexes and their corresponding reporting frequencies regularly to ensure that they remain appropriate.</p>
<p>6</p>	<p><u>ORDER OF PRESENTATION</u></p> <p>The scope of MAS Notice 610 reporting has expanded to include differing themes. In this regard, MAS may wish to consider reordering the forms into different reports with distinct themes (For example, Financials, Statistics, Credit risk, Liquidity risk etc.). This would also allow banks to more effectively delegate the reports to the appropriate team for preparation and submission.</p>	<p>The order of presentation follows the information in Appendix B1 and B2 primarily which is essentially a presentation in the order of a balance-sheet.</p>
<p>7</p>	<p><u>REPORTING MEDIUM</u></p> <p>What would be the reporting medium for the revised MAS Notice 610/1003?</p> <p>Would there be separate submission for each of the reporting forms?</p>	<p>The reports will be in the XML format, transmitted through MASNET.</p> <p>The submission of the reporting forms is based on the stipulated frequency. The full set of reporting forms will be made available in MASNET. However, the banks and merchant banks could only complete those reporting forms that are due for the particular reporting period. To illustrate, monthly reporting forms</p>

		will be available at <u>month-end</u> but reports due for the quarter/half-yearly/annually will be blocked by the system. The monthly and quarterly reporting forms will be available at <u>quarter-end</u> but reports due for the half-yearly/annually will be blocked by the system and so forth.
8	<p><u>BUSINESS RULES</u></p> <p>Which are the items within the whole report that are meant to cross-tie against each other? Could they be indicated in the reporting forms for clarity?</p> <p>Is it intended for the summation of the quarterly/half yearly annexes to tie to main appendices which are required to be submitted on a monthly basis?</p>	<p>Business Rules are provided in the proposed reporting forms. More detailed Business Rules will be provided in due course.</p> <p>Yes. Also, while some of the cross-references indicated on the reporting forms are for monthly returns, the same business rules will apply for reporting forms that are required for quarterly/half yearly and annual basis.</p>
9	<p><u>Appendix B1</u></p> <p>Please confirm that only banks with physical holding of gold, precious metals and/or commodities would be required to report under these line items.</p> <p>Item 11(d) Some banks have expressed difficulties in tracking deferred tax assets (DTA)/ liability (DTL) separately and have requested for the reporting of DTL to be on a net basis (i.e. DTA will be netted off and reported as part of DTL).</p>	<p>Banks' and merchant banks' holding of gold, precious metals and/or commodities should be reported under Items 11(a) to 11(c).</p> <p>The banks and merchant banks should be guided by financial reporting principles.</p>
10	<p><u>Appendix B1 Annex 1</u></p> <p>Part II Item 2 a) Some banks have expressed the view that balances/placements with the following entities need not be reported:</p> <ul style="list-style-type: none"> ▪ Monetary authorities which are not central banks (For example, Brunei Monetary Authority) ▪ Placements with International 	<p>Balances/placements with Monetary Authorities which are not Central Banks, such as the Brunei Monetary Authority, should be reported as "Central Banks and Official Monetary Authorities".</p> <p>Balances/placements with International Organisations and Multilateral</p>

<p>b)</p>	<p>Organisations</p> <ul style="list-style-type: none"> ▪ Placements with Multilateral Development Banks <p>Please clarify:</p> <ul style="list-style-type: none"> ▪ Should short term loans to banks with original maturity of less than 3 months be reported under “Cash and balances”? ▪ Should placements with original maturity of more than 3 months be classified under loans and advances? <p>c)</p> <p>Please confirm that reverse repurchase agreement with MAS are to be excluded from this item, given that amounts receivable under reverse repurchase agreement would have already been presented as a separate line item in the Statement of Financial Position.</p>	<p>Development Banks should be reported under "International Organisations".</p> <p>For the purpose of MAS 610/1003 reporting, banks and merchant banks should be guided by the nature of the transactions as in financial reporting. The distinction by tenor has been removed following feedback from the closed consultation.</p> <p>Short term loans to banks with original maturity of less than 3 months should be reported under “Loans and Advances”.</p> <p>Placements with original maturity of more than 3 months should be reported under “Cash and Balances”.</p> <p>Reverse repurchase agreement with MAS should be excluded from Appendix B1 Annex 1 on “Cash and Balances”. All the reverse repurchase agreements should be reported under Appendix B1 Annex 2 on “Assets and Liabilities under Agreements to resell/repurchase & Securities Financing”, the amount reported should reconcile to the amounts reported in Statement of Financial Position.</p>
<p>11</p> <p>Part II</p> <p>a)</p> <p>b)</p>	<p><u>Appendix B1 Annex 3</u></p> <p><u>Definition of Counterparty</u> How should debt securities issued by the following entities be reported?</p> <ul style="list-style-type: none"> ▪ Monetary authorities that are not central banks (E.g. Brunei Monetary authority) ▪ Multilateral Development Banks <p><u>Scope of Reporting</u> Please clarify on whether the additional details for hybrid instruments to be provided in this</p>	<p>Debt securities issued by Monetary Authorities that are not Central Banks, such as Brunei Monetary Authority, should be reported under “Central Banks and Official Monetary Authorities”. Those issued by Multilateral Development Banks should be reported under “International Organisations”.</p> <p>It should be based on product type.</p>

<p>c)</p> <p>d)</p> <p>e)</p> <p>Part II Item 5</p>	<p>report should be based on product type or the underlying asset class.</p> <p>Please define the term "counterparty".</p> <p>Please clarify if floating rate notes are to be reported as debt securities.</p> <p>Please define the term "in Singapore".</p> <p>What is the definition of "Public sector entities" and how do they differ from "Statutory boards"?</p>	<p>"Counterparty" refers to the issuer of the debt securities.</p> <p>Yes.</p> <p>This is based on the country of incorporation of the issuer.</p> <p>"Public sector entities" comprise a regional government or local authority that is able to exercise one or more functions of the central government at the regional or local level; an administrative body or non-commercial undertaking responsible to, or owned by, a central government, regional government or local authority, which performs regulatory or non-commercial functions; a statutory board in Singapore (other than MAS) and town council in Singapore established pursuant to the Town Councils Act (Cap. 392A).</p> <p>"Statutory boards" are a subset of "Public sector entities" and they are mostly used in the context of Singapore. Banks and merchant banks can refer to http://www.sgdi.gov.sg for the list of statutory boards.</p>
<p>12</p> <p>Part III</p>	<p><u>Appendix B1 Annex 4</u></p> <p>To clarify that the basis of reporting of the counterparty for bills is to be based on the industry or the bank's customers who discounted the bills.</p> <p>On the definition of "Residents in Singapore", which to take precedence if there is conflict between "main source of income is derived from Singapore" vs "main centre of interest" or "period of residence exceeds 1 year" or "Person granted permanent residency in Singapore": Example 1: A Singapore PR seconded to work in China for 2 years? Example 2: A Indonesian staying in</p>	<p>Banks and merchant banks should be guided by the basis of their financial reporting.</p> <p>Example 1: China</p> <p>Example 2: Malaysia (still staying in</p>

<p>Part IV</p> <p>a)</p> <p>b)</p> <p>c)</p> <p>d)</p> <p>e)</p> <p>f)</p>	<p>Malaysia with main source of income from Singapore? Example 3: A Thai who has worked in Singapore for 5 months and has plans to work for more than 1 year?"</p> <p>Could residency be simplified to be based on current location of the individual or company? It is challenging to keep updated data of every single customer on their "main source of income" or "residency period" or "centre of interest".</p> <p><u>Aggregation of Credit Facilities</u> Are there any plans to extend the customer grouping criteria outlined in MAS Notice 639 to both ACU and DBU, SGD and non-SGD facilities?</p> <p>Please clarify on whether the aggregation of credit facilities should be based on the limits granted or the outstanding balance of the loans.</p> <p><u>Definition of "Limits granted"</u> Please confirm that the term "Limits granted" refers to that granted at the inception of each loan.</p> <p>MAS to affirm if "limits granted" under footnote "The number of customers should be based on the limits granted" refers to "Committed Limits" recognised in Financial Statutory disclosure.</p> <p>MAS to clarify if the basis of determining the loans size is according to the size of the customers' total loans (ACU and DBU combined) e.g. if customer A has total outstanding loans of S\$5.5 million (ACU: S\$4.2m & DBU: S\$1.3m) and limits of S\$51m are to be presented under "Above S\$5m but not > S\$50m" for both "Total" and "Residents/Non-residents".</p> <p><u>Definition of "Number of customers"</u></p>	<p>Malaysia and not uprooting himself to Singapore) Example 3: Singapore (intention to work for more than a year is sufficient)</p> <p>Banks and merchant banks should take into account the various factors in determining the residency of the customers for the purpose of reporting.</p> <p>To highlight, the definition of residents in Singapore has been refined to exclude persons who have been granted permanent residency in Singapore.</p> <p>In our public consultation paper on MAS Notice 643, the criteria on single counterparty groups (for third party) in MAS Notice 639 will not change.</p> <p>The aggregation of credit facilities should be based on the limits granted.</p> <p>Yes.</p> <p>Yes.</p> <p>For this case, the loan to customer A should be reported under "Above S\$50 million but not > S\$100 million" for "total" table. Based on the proposed amendments to "Residents/Non-residents", bank and merchant bank have to first determine if customer A is a resident or otherwise. If customer A is a resident, his outstanding loans of S\$5.5 million should be reported in "Residents" table under ""Above S\$5 million but not > S\$50 million".</p>
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	<p>Please confirm that customers belonging to a Single Counterparty Group are to be considered as one customer.</p> <p>g) Should the credit facilities extended to a parent company be aggregated with that given to its subsidiaries and associates?</p> <p>h) The number of customers should be based on the limits granted - To clarify if this is referring to customers with credit facilities limits granted but with zero outstanding loans are to be included in the number of customers. The limits are to be reported under Loans by size "Up to but not > S\$500,000"?</p> <p>i) Should the size banding be computed based on amount of loans and advances or limits granted?</p> <p>j) Credit facilities are aggregated based on MAS639, should the count of customers be on such aggregated level or at individual customer level (eg. Parent A is aggregated with Subsidiary B and reported under "Above S\$100m" banding. Should count of customer be 1 (aggregated group) or 2?</p>	<p>Yes.</p> <p>Banks and merchant banks should follow the definition of "related corporations" in the MAS Notice 610 and MAS Notice 1003 respectively. Associates are not included as part of the "related corporations" for the purpose of this reporting.</p> <p>The "Number of customers" should be reflected on a group basis.</p> <p>It should be based on the limits granted.</p> <p>It should be based on aggregated level. Hence, the answer is "1" for the example provided.</p>
<p>13</p>	<p><u>Appendix B1 Annex 6</u></p> <p>Please confirm that the amount to be reported under "of which outside Singapore" would be the net book value of such assets.</p>	<p>The amount to be reported under this item refers to the carrying values of such assets, in accordance with financial reporting.</p>
<p>14</p> <p>a)</p>	<p><u>Appendix B2</u></p> <p>MAS to clarify that definition of EQUITY sub-disclosure under item 22 to 25 would follow disclosure in Annual Statutory Financial Statement, ie Share Capital / Treasury Shares would be non relevant to bank branch</p>	<p>With the exception of "Reserves", "Share Capital", "Treasury Shares" and "Non-controlling interests" are not relevant to branches of foreign banks. Such entities should reflect "0" in the reporting form. The banks and merchant banks</p>

	<p>of foreign bank but applicable to banks incorporated in Singapore.</p> <p>b) Does remittance payable refer only to customer instructed remittance payment? Or does it include remittance to settle trades?</p> <p>c) Should payment via wire/telegraphic transfer/swift transfer be considered as bills payable?</p> <p>d) Is the determination of "Payable in Singapore" and "Outside Singapore" based on the residency of the payee, or based on the location of where the bills are cleared?</p> <p>How should "other asset/ liability in Singapore or outside Singapore" be determined and reported? For example, certain items such as provision for litigation is reported under "other liabilities", but it remains unclear whether it should be reported in Singapore or outside Singapore. Will the classification be based on where the court hearing is held or based on counterparty residency/nationality?</p>	<p>incorporated in Singapore will need to complete all the items where applicable.</p> <p>The remittance payable refers only to customer instructed remittance payment.</p> <p>The payment via wire/telegraphic transfer/swift transfer is considered bills payable if the banks and merchant banks have debited the customers' accounts pending corresponding claims by the receiving banks.</p> <p>Counterparty country breakdown is based on location or residency of counterparties concerned. In this instance, the determination of "payable in Singapore" and "Outside Singapore" is based on residency of the payee.</p> <p>Similarly, the items should be based on residency of the counterparty.</p>
<p>15</p> <p>Part I</p>	<p><u>Appendix B2 Annex 1</u></p> <p>We seek clarity if the products below should be reported in the Appendix:</p> <ul style="list-style-type: none"> - Gold/silver/precious metal deposits - Cross border recharges, amounts payable for Head Office expenses, provision for Head Office expenses <p>Commodity linked deposits are deposits that use commodity options as part of their structure. Customers can make deposits that purely payoff in terms of a commodity index, pay returns based on both a commodity</p>	<p>These should not be reported under this Appendix.</p> <p>These should be reported under "balances" in this Appendix.</p> <p>Commodity-linked "deposits" do not fall within the definition of Dual Currency Investments and should not be classified as such. They should be classified as "Other liabilities" in MAS 610/1003 instead. Banks should also refer to the</p>

<p>Part III</p>	<p>index and an interest rate, or pay an enhanced interest rate that is reduced should a commodity index rise or falls. We seek MAS's confirmation that commodity linked deposits should be considered "Dual currency deposits".</p> <p>To clarify whether Non-Bank Financial Institutions ("NBF") in this Annex include activities of holding companies such as Bank/financial investment companies (SSIC Industry Code = 64201) and other investment holding companies (SSIC Industry Code = 64202) which fall under NBFs under Note 35.2 of the existing MAS610 Appendix 1A.</p>	<p>24 September 2009 correspondence from the Association of Banks in Singapore to all member banks stating MAS' view on the matter.</p> <p>NBFI refers to private or public financial institutions, other than banks, that engage primarily in the provision of financial services, such as financial intermediation, insurance companies and pensions funds, and activities auxiliary to financial intermediation such as fund management (refer to Appendix D3_1_Assets (Instructions)). Thus, NBFI includes activities of holding companies such as Bank/financial investment companies. Other investment holding companies are not part of NBFI for the purpose of the MAS 610 reporting.</p>
<p>Part IV</p>	<p>To clarify that for the case where the balances of the pledged deposits are higher than the outstanding credit facilities, the entire deposits are to be considered as "encumbered".</p>	<p>Where the balances of the pledged deposits are higher than the outstanding credit facilities, the entire deposits are to be considered as "encumbered".</p>
<p>Part V</p>	<p>Given that this Annex is primarily for the reporting of deposits, it would be good to clarify why "dual currency investments", which are essentially investment products, should be reported in this Annex.</p>	<p>For the purpose of MAS 610 reporting, "dual currency investments" ("DCI") are deemed as deposits, and should be reported in the tables on deposits in Appendix B2 Annex 1 and 2, where applicable.</p>
<p>16 Instruction 4 a)</p>	<p><u>Appendix B2 Annex 2</u></p> <p>To clarify if Dual currency deposits with the possibility of settling in SGD (both received and repayment) are to be reported in DBU. To also confirm that the reporting of Dual Currency Investment in DBU is not limited to just deposits received in SGD.</p> <p>To clarify if "Number of Accounts" refers only to the active deposit accounts as at end of the reporting period and if a "Joint account" is to be counted as 1 deposit account.</p>	<p>Dual currency investments with the possibility of settling in SGD currency (both received and repayment) should be reported in DBU. Dual Currency Investment in DBU is not limited to just deposits received in SGD.</p> <p>"Number of accounts" refers to all deposit accounts, whether active or dormant, as at end of the reporting period. A "Joint account" is to be counted as 1 deposit account.</p>

<p>b)</p> <p>c)</p> <p>d)</p> <p>e)</p> <p>f)</p>	<p>Total number of deposit accounts refers to the total number of demand, savings and fixed deposit accounts. – To clarify if other deposits are to be excluded from the “Number of accounts”?</p> <p>To clarify if the deposits placed under a Joint account is to be aggregated with the deposits of the depositor placed under other accounts for deposit size banding disclosure.</p> <p>For cases where only 1 Fixed Deposit (“FD”) account is opened but customers may place multiple FDs at different time and with different terms (different tenor, different interest rate etc), to clarify that the “Number of Account” is to be based on the number of individual FD placed.</p> <p>To confirm if: - FDs exceeding \$50,000 should be excluded, i.e., report only amounts smaller than \$50,000? - Only FD tenors of 3 months, 6 months, and 12 months are required. All other tenors are excluded from this report.</p> <p>Please confirm that “less than \$50,000” refers to outstanding balance in each account and not the first \$50,000 of each account.</p>	<p>Total number of deposit accounts refers to the total number of demand, savings, fixed deposit accounts and any other deposit accounts.</p> <p>We have received several feedback on the interpretation of "accounts" and "depositors". "Accounts" are not the same as "depositors".</p> <p>To illustrate, if depositor A and depositor B open a joint account and deposit a total of S\$10,000 in the account, the “Number of Account” should be reported as "1" while the “Number of Depositors” should be reported as "2". The deposit amount per depositor should be reported as “\$5,000”. If depositor A has an account in his own name amounting to \$5,000, A has “2” accounts but A has a deposit totalling “\$10,000”.</p> <p>For such a case, the “Number of Account” should be reported as "1".</p> <p>FDs exceeding \$50,000 and/or in tenors other than 3 months, 6 months and 12 months and/or placed with the bank outside of the reporting period should be excluded from the report.</p> <p>Yes, it should be based on the outstanding balance in each account.</p>
<p>17</p> <p>Item 1</p>	<p><u>Appendix B2 Annex 4</u></p> <p>Suggest that a separate line be added for "Statutory reserves".</p>	<p>Statutory reserves should be reported under "Others" in "Other Reserves".</p>

<p>Items 2 & 3</p> <p>Item 2 a)</p> <p>b)</p> <p>Item 3</p>	<p>For accounts with year ending in March, there may be late adjustments and audit adjustments finalised after the 610 deadline. To clarify if such late/audit adjustments are to be reflected in the July month-end 'adjustments' cell?</p> <p>Should the "Opening Balance" for Revenue Reserves reflect the month's opening balance or the year's opening balance?</p> <p>To advise if "Revenue Reserves" is to be reconciled to Item 24(b) Revenue Reserves reported in Appendix B2 under "Equity".</p> <p>To seek clarity on whether the intention is for the bank to "add back" the tax on items to get the fair value movement in the reserves?</p>	<p>Yes, "adjustments" include audit adjustments. A separate line item on audit adjustments has been included in the reporting form.</p> <p>The "Opening Balance" would vary depending on the frequency for which this report is required for. For example, for the foreign banks, the opening balance should reflect current month's opening balance/previous month's ending balance as the foreign banks are required to submit this report on a monthly basis.</p> <p>Yes, please refer to the cross-references that are indicated on the reporting forms.</p> <p>The banks and merchant banks should follow financial reporting in the disclosure of item 3.</p>
<p>18</p> <p>a)</p> <p>b)</p> <p>c)</p>	<p><u>Appendix B3 Annex 1A</u></p> <p>To clarify if "Outstanding Amount" refers to outstanding instruments as at the end of the month.</p> <p>A respondent provided the list of products for the following categorisation:</p> <p>a. Guarantees - Financial Guarantees and Shipping Guarantees etc.</p> <p>b. Letters of Credit - Import LCs Issued and LCs confirmed etc.</p> <p>c. Acceptances - Export LC Acceptance, Import LC Acceptance under Term Bill etc.</p> <p>To confirm that item 25 in the existing MAS Notice 610 Appendix 1 for "Bills</p>	<p>Yes.</p> <p>MAS is agreeable with the categorisation in general, although the list is not exhaustive.</p> <p>Item 25 in the existing MAS610 Appendix 1 for "Bills for Collection" is no longer</p>

	for Collection" is no longer required to be reported.	required to be in line with financial reporting.
19	<u>Appendix B3 Annex 1B</u>	
Item 1	To confirm that undrawn credit facilities on both committed and uncommitted facilities should be reported in this schedule based on the guidance in foot note 1.	Only undrawn credit facilities on committed facilities should be reported.
Item 3	Should undrawn commitments on uncommitted credit lines such as credit card, uncommitted short term loans etc. be included?	No.
	Do forward asset purchases include foreign currency forwards?	The disclosure should follow what is already reported under financial reporting.
	To provide clarification on the scope of "Underwriting activity".	Following the closed consultation, the reporting form has been renamed as "Corporate Finance activity" to capture all corporate finance activities including banks' and merchant banks' underwriting activities.
	To clarify that the report are for all underwriting commitment entered into/commenced during the reporting period i.e. half yearly from 1 January to 30 June and from 1 July to 31 Dec, respectively.	Yes.
	To clarify that "Unsubscribed portion" to be reported refers to the shortfall at the close of the issue and this may be different from the balance outstanding in the Bank's books on the reporting date.	Unsubscribed portion refers to underwritten commitments not fully subscribed by investors for which the banks or merchant banks may or may not have recognised as assets in its books at the close of the subscription period.
	Should completed deals with unsubscribed balances remaining in the Bank's books be reported?	Yes, provided the deals are within the reporting period.
20	<u>APPENDIX B3 ANNEXES 4 INSTRUCTIONS</u>	
a)	Instruction note 1 states that reporting banks are to report all transactions that are booked in	We have revised the structure of the reporting forms and instruction notes to improve clarity.

	<p>Singapore regardless of the trading location in Part I. Such trades include trades executed and booked in Singapore as well as trades executed outside Singapore but booked in Singapore.</p> <p>Instruction note 3 requires reporting banks to report all transactions done in Singapore regardless of where the transactions are booked in Part III. Hence, a reporting bank should report a deal struck in Singapore even if the deal is booked outside Singapore.</p> <p>Within the same Appendix, Instruction note 4 states that "Related corporations' trades refer to transactions between desks and offices, transactions with branches and subsidiaries and transactions between affiliated firms. These trades are included regardless of whether the counterparty is resident in the same country as the Reporting Bank or in another country. However, trades conducted as back-to-back deals and trades to facilitate internal bookkeeping and internal risk management within a given Reporting Bank are excluded, be they on a local or cross-border basis. In-house deals within Singapore books are essentially internal transfers and should not be included."</p> <p>If back-to-back deals are not matched perfectly, should banks report these outstanding positions?</p> <p>It is suggested that some examples be provided to illustrate how various deals struck in Singapore would be reportable.</p>	<p>The return now comprises 3 parts:</p> <p>Part I – Financial Derivatives by Type and Risk Category (entered into the book of Singapore)</p> <p>Part II – Financial Derivatives by Type and Risk Category (Singapore as trading location)</p> <p>Part III – Financial Derivatives by Type and Risk Category (solo and group).</p> <p>Overseas incorporated banks are required to complete Part I and Part II. Locally incorporated banks are required to complete Part I and Part III.</p> <p>For Part I, Reporting Banks should report all transactions that are booked in the books of Singapore regardless of the trading location. Such trades include trades transacted and booked in Singapore as well as trades transacted outside Singapore but booked in Singapore. Internal trades within the books of Singapore, e.g. internal trades between ACU and DBU books are not required to be reported under Part I, as these trades are perfectly offset and will be eliminated at the consolidated Singapore operations level. However, trades transacted by the Singapore operations with overseas branches, subsidiaries and head office are required to be reported under Part I.</p> <p>Under Part II, Reporting Banks should report all transactions transacted in Singapore regardless of where the transactions are booked. Hence, Reporting Banks should report a trade transacted in Singapore even if the trade is booked outside Singapore e.g. the parent/head office of the Reporting</p>
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c)	A respondent sought clarity on the	These refer to the transactions which are

	criteria to be used in determining trades that are considered "trades transacted outside Singapore".	not done by staff located in Singapore but are nevertheless entered into the book of Singapore.
d)	Is reconciliation to Trade Reporting required?	MAS does not require reconciliation of transactions reported in Trade Reporting with MAS 610/1003 currently. However, this does not preclude MAS from asking for reconciliation if the need arises.
e)	A respondent sought MAS' view on the treatment of "Global trades", i.e where trades are struck in a concerted manner by two or more group entities, in determining whether the same or "Trades transacted outside Singapore".	Only trades booked into the books of Singapore are required to be reported under Part I. Therefore, if such global trades are not booked into the books of Singapore, the bank is not required to report such trades under Part I. For reporting under Part II (Singapore as a trading location), for books shared globally, please accord the portion of position from the global book to the Singapore trading location in accordance with how Profit or Loss from such positions will be allocated to Singapore as a trading location (e.g. 20% or 30%).
21	<u>APPENDIX B3 ANNEX 4 PART I – BOOKED IN SINGAPORE</u>	
(a)	To clarify that for the purpose of determining whether the counterparty is Resident of Singapore, where the bank enters into a contract with a branch of a bank, it is to be based on the country where the branch is located e.g. a derivatives contracts with Singapore branch is to be reported as "Residents of Singapore" and not based on the country of residence of its Head Office.	The interpretation is correct. MAS 610/1003 reporting follows the "residency" concept unless stated otherwise.
(b)	To clarify that for derivative contracts with accreting notional (notional amounts increase over time) or amortising notional (notional amounts decrease over time), the gross notional amounts is based on the in-forced notional amounts as of the reporting date?	For derivative contracts with accreting notional or amortising notional, the gross notional amount reported should be based on the "effective" amount as of the reporting date.

22	<u>APPENDIX B3 ANNEX 4 PART I AND PART II (SCENARIOS PROVIDED BY A RESPONDENT)</u>		
		Part I (entered into the book of Singapore)	Part II (Singapore as trading location)
<p>Same traders booking trade against :</p> <p>Case 1: Singapore Branch (SG) and Sister Branch (SB). Should 1 trade (ie booked in SG) or 2 trades (booked in SG and SB) to be reported?</p>	<p>Report 1 trade, i.e. Trade between SG and SB</p>	<p>Assuming both books (one in SG and the other in SB) are both managed by the trader. These two become internal trades which get netted off.</p>	
<p>Same traders booking trade against:</p> <p>Case 2: trades done by same SG trader. (a) 3rd party against SG (booked in SG) (b) SG against SB (booked in both SG and SB) (c) SB against 3rd party (booked trade in SB)</p> <p>How many trades should be reported, 3 or 4?</p>	<p>2 trades: 1) SG with 3rd party 2) SG with SB</p>	<p>1)SG against 3rd party under (a) 2) SG against SB 3) SB against 3rd party under (c)</p> <p>2 trades: With 3rd parties under (a) and (c)</p>	
<p>Same traders booking trade against:</p> <p>Case 3: trades done by same SG trader. (a) 3rd party against SB (booked in SB) (b) SB against 3rd party (booked trade in SB)</p> <p>How many trades should be reported, 2?</p>	<p>0 because both trades do not enter into the books of SG.</p>	<p>2 trades.</p>	
<p>Case 4: trades done by same SG trader within SG (reporting bank). (a) 3rd party (X) against SG (b) SG</p>	<p>2 trades to report.</p>	<p>2 trades.</p>	

	<p>against 3rd party (Y)</p> <p>How many trades should be reported, 2?</p>		
	<p>Case 5: trades done by same SG trader within SG (reporting bank). (a) 3rd party (X) against SG (b) SG against Sister Subsidiary in Singapore (Sub Ltd)</p> <p>How many trades should be reported, 2?</p>	<p>2 trades to report.</p>	<p>1 to report, because the second trade is an internal trade from the trader's perspective as it is transferred from SG to Sub Ltd both under his management.</p>
	<p>Case 6: trades done by different SG traders within SG (reporting bank). (a) 3rd party (X) against SG (PB business) (b) SG (PB business) with SG (IB business) (c) SG (IB Business) against 3rd party</p> <p>How many trades should be reported, 2?</p>	<p>2 trades: 1) 3rd party (X) against SG 2) SG against 3rd party</p> <p>Internal trades such as those under (b) are not reportable as they get offset at SG level.</p>	<p>2 trades</p>
	<p>Case 7: trades done by different SG traders (a) 3rd party against SG (trader A) (b) SG with SB (trader B).</p> <p>How many trades should be reported, 2?</p>	<p>2 trades</p>	<p>1 trade.</p> <p>Trade (b) is an internal transfer of positions from one trader to another trader for management within Singapore.</p>
	<p>Case 8: trades done by different SG traders. (a) 3rd party against SG (trader A MM desk) (b) SG (trader A MM desk) against SG (trader B FX desk) (c) SG (trader B FX desk) with SB - How many trades reported, 2?</p>	<p>2 trades. 1) with 3rd party 2) with SB</p> <p>Internal trades such as those under (b) are not reportable.</p>	<p>From SG as a trading location: 1 trade: with 3rd party.</p> <p>Trade (b) and (c) are merely transfer of positions among the books managed by the traders located in Singapore.</p>

<p>23</p> <p>(a)</p> <p>(b)</p> <p>(c)</p> <p>(d)</p>	<p><u>Appendix B3 Annex 5</u></p> <p>To clarify if the disclosures relate to assets pledged with the reporting bank, or are the disclosures referring to reporting bank's asset pledged with external parties or both.</p> <p>To clarify the value to be reported are based on market value of the underlying assets pledged or the cash secured from the assets pledged.</p> <p>Can MAS confirm that the reportable value of the assets pledged would be the market value at trade date, and not market value at reporting date?</p> <p>For cases where the assets are pledged, but no credit utilisation are outstanding, are these pledged assets to be included?</p> <p>Is cash margin placed by the merchant bank and Singapore branch with SGX considered pledged collateral?</p>	<p>The bank or merchant bank should only report its assets pledged with external parties.</p> <p>The value to be reported should be based on the carrying value of the "encumbered" assets.</p> <p>Where the assets are pledged or a security interest has been created, regardless of the utilisation of the credit, these assets should be reported as "pledged" assets.</p> <p>Yes, it is considered "pledged" Cash and Balances.</p>
<p>24</p>	<p><u>Appendix B3 Annex 6</u></p> <p>To define the term "Liquidity enhancements".</p>	<p>This refers to the provision of liquidity facilities that assist in the timely repayment of the commercial paper. Generally, the provision is not associated with the credit risks of the underlying assets such as risks associated with the servicer or cash flow timing mismatches between the underlying portfolio and repayment obligations. However, there are also liquidity facilities that are transaction-specific to provide credit protection for the transaction. As long as the banks or merchant banks provide such facilities to their customers, the information should be reported.</p>
<p>25</p>	<p><u>Appendix C1 Annex 2 & 3</u></p> <p>Appendix C1 Annex 2 and Annex 3 focus on similar areas of interbank</p>	<p>A full listing of banks and merchant banks in Singapore is required for Annex</p>

<p>indebtedness, MAS may wish to consider using a similar format for ease of set-up in the system.</p> <p>Should related banks and corporations be included in this annex?</p> <p>Can MAS clarify if “interbank” includes intercompany exposure (ie. related entities) as well?</p> <p>Please confirm if the columns on “Total liabilities” and “Total assets” should reflect a summation of the figures reported across the columns or should it be a separate disclosure.</p> <p>Please clarify if the counterparty refers to the party the bank has dealings with or the issuer of the debt securities, equity investments, negotiable certificates of deposits held, securities pledged and transferred etc.</p> <p>Please clarify whether the reporting should be based on the bank on whose behalf the guarantee/performance bonds etc. is issued or the bank to whom the guarantee/performance bonds is issued.</p> <p>Please clarify if the grouping of Top 15 banks is to be done at individual bank branch level or by counterparty, i.e. HO bank and its non-Singapore branches.</p>	<p>2. Annex 3 requires top 15 banking groups (in term of assets) and top 15 banking groups (in term of liabilities) outside Singapore. The formats are different to accommodate the different reporting requirements.</p> <p>Related banks/corporations in and outside Singapore should not be included in Annexes 2 and 3. Related banks in Singapore should be reported in Annex 4; corporations in Singapore that are related to reporting Bank or merchant Bank should be reported in Annex 5; and related banks and related corporations outside Singapore should be reported under Annex 6.</p> <p>No. Annex 2 and 3 on “Interbank indebtedness” does not include related banks. Related banks in Singapore and outside Singapore should be reported in Annex 4 and 6 respectively.</p> <p>There should be separate disclosures for these items.</p> <p>It refers to the issuer of the instruments.</p> <p>The reporting is based on the counterparty whose limits the reporting bank or reporting merchant bank would have to earmark in their approval of the issuance of the guarantee/ performance bonds.</p> <p>Grouping of Top 15 banks should be aggregated by counterparty, i.e. HO bank and its non-Singapore branches.</p>
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26	<p><u>Appendix C1 Annex 4, 5 and 6</u></p> <p>Please provide definition of “Country of residence” for banks.</p>	<p>It refers to the location where the bank or merchant bank is operating. For example, transactions with the London branch of a French bank should be reported as "UK".</p>
27	<p><u>Appendix D1</u></p> <p>How would the ultimate borrower concept be applicable to the following scenarios:</p> <ul style="list-style-type: none"> a. Project finance where the borrower is a SPE b. Personal investment company (“PIC”) where the beneficial owners are in different locations or of different nationalities c. Joint venture with two shareholders in different locations d. Interbank transactions <p>Please define the term “Nationality”.</p>	<p>Please refer to the examples provided in D1_All assets (Instructions).</p> <p>The ultimate borrower is determined at Corporate Sponsor level.</p> <p>The bank or merchant bank should determine the beneficial owners who are in control of the PIC and report accordingly. If the controlling party cannot be determined, the exposure should be apportioned equally to the ultimate beneficial owners of different nationalities.</p> <p>For joint venture with two shareholders in different locations, first determine the presence of the controlling shareholder and report as such. If the controlling shareholder cannot be established, segregate the exposure into equal shares among the shareholders and report accordingly.</p> <p>As an example, an exposure to a Singapore branch of a German bank would be classified under "Germany".</p> <p>It refers to the citizenship of an individual.</p>
28	<p><u>Appendix D2 Annex 1 to 8</u></p> <p>Please confirm if the instructions on “Selected Assets, Contingents and Commitments by Sector/Positive and Negative Fair Value for Financial Derivatives For Non-Bank Counterparty” are applicable to these annexes.</p>	<p>Yes. The counterparty classification has been standardised across the reporting forms.</p>

	<p>MAS may wish to consider restricting the reporting of “Assets by Country and by Counterparty” to top 3 currencies to reduce reporting burden since not all foreign currencies are significant to the bank.</p> <p>To remove the requirements to report other assets against various countries as it is too onerous for the bank to maintain the detailed list of all other assets/receivables.</p> <p>To clarify if returns by individual currency are required?</p> <p>Does the definition of immediate borrower basis refer to the country of operations of asset classes such as banks, corporates, individuals?</p>	<p>These are the reporting requirements set out by BIS; in which MAS has onward submission responsibilities for aggregated figures.</p> <p>Reporting by individual currency is required for reporting to BIS on an aggregated basis.</p> <p>Immediate borrower basis on the mentioned asset classes refers to the country of residence of the borrower.</p>
<p>29</p> <p>a)</p> <p>b)</p>	<p><u>Appendix D3 Annex 1 Instructions</u></p> <p><u>Adoption of Global Standards for Industry Codes (ISIC Codes)</u></p> <p>We request MAS to consider the adoption of the Global standards of industry classification (E.g. ISIC Codes) for industry & counterparty categorisation across annexures to achieve standardisation and alignment to international best practices. This will also help International banks to align the industry classification to internal monitoring which is based on ISIC Codes.</p> <p>We also suggest providing mapping from ISIC codes to the various industry / counterparty classifications required in the annexures to help standardisation of reporting across the market.</p> <p><u>Industry classification of counterparties – principal activity</u></p> <p>Is a client’s “principal activity”</p>	<p>The Singapore Standards for Industry Codes (“SSIC”) are modelled after International Standards for Industry Codes. MAS does not expect the industry codes used internally by banks and merchant banks to deviate significantly from the SSIC used in MAS610/1003. Hence, while there is no line by line matching of the industry classification to SSIC in the current revisions to the reporting forms, banks and merchant banks should rely primarily on SSIC for the industry classification.</p> <p>Upon the issuance of the revised notices,</p>

	<p>established at the time of account opening, or would a periodic review/update be required? If so, is there a prescribed minimum periodic review?</p> <p>c) To clarify whether non-bank financial institutions (NBFIs) include investment holding companies?</p> <p>d) For investment holding companies investing mainly in equities and financial products, should we report these as NBFIs?</p>	<p>banks and merchant banks will be given an implementation period during which a broad review of the "principal activity" could be performed.</p> <p>Thereafter, the classification should be determined at the time of account opening, during periodic review and as and when the bank or merchant bank is aware of any changes.</p> <p>Under the SSIC, NBFIs include investment holding companies. However, given the large number of queries received regarding this issue, a new category of "Other corporates – of which Investment Holding Companies" has been included for specific reporting of investment holding companies under Appendix D3 Part 1 Item 11(a).</p> <p>An additional row on "Other corporates – of which Investment Holding Companies" has been created for this purpose.</p>
<p>30</p> <p>Part I</p>	<p><u>Appendix D3 Annex 1 Part I</u></p> <p>Should the figures reported be net of impairment losses?</p> <p>To clarify if assets/contingents and commitments to banks are not within the scope of this Annex?</p> <p>To clarify if Central Banks are to be reported under "Others" in this Annex.</p> <p>To clarify that for cases where credit facilities are granted to group entities, the industry classification of the limits granted and undrawn credit facilities are to be based on the industry of the primary borrower.</p>	<p>No. Gross figures should be reported so that no allocation for portfolio impairment is necessary.</p> <p>Assets/contingents and commitments to banks should be excluded in this Annex.</p> <p>Yes.</p> <p>Banks and merchant banks should follow SSIC's classification principle: "the principal activity of an economic unit is the activity that contributes the most to the value added of the goods and services produced by the unit, or the activity with the highest value added among the activities of the unit. Where it is not possible to obtain information on value added of the goods sold or services rendered, the principal activity is</p>

	<p>For the reporting of SMEs, defined as businesses with annual sales turnover of not more than \$100m, such information may not have been included as a client static data and banks might have different internal criteria for defining SME.</p> <p>Will there be a requirement to include the information as a client static data and be subject to periodic update, or it would be sufficient to obtain this information only at the point of on-boarding?</p> <p>For step-up loans with fixed interest rate in the first few months/years followed by floating rates at subsequent years, are they classified as “floating rate loans”?</p> <p>How should loans charged at board rates or cost of funds be classified?</p>	<p>determined by the proportion of the gross output that is attributable to the goods or services. In instances where the output ratio is not applicable, the principal activity is determined from the proportion of employment in the various activities”.</p> <p>Upon the issuance of the revised notices, all banks and merchant banks will be given an implementation period. During this period, all banks and merchant banks should conduct a review to identify SMEs in their portfolios.</p> <p>Thereafter, the classification should be determined at the time of account opening, during periodic review and as and when the bank or merchant bank is aware of any changes.</p> <p>Banks and merchant banks would need to align to our definition of SMEs to ensure comparability across the industry.</p> <p>Step-up loans should be classified as “fixed-rate” loans during the step-up period, and “variable-rate” loans once step-up period is over.</p> <p>Board rate loans and loans charged at cost of funds should be classified as “variable-rate”.</p>
<p>31</p>	<p><u>Appendix D3 Annex 2</u></p> <p>Can banks refer to the asset class definition in MAS Notice 637?</p> <p>To confirm if the term “Contingent Liabilities” refers to just Guarantees, Standby LC. Otherwise, to provide guidance on the definition of “Contingent Liabilities”.</p> <p>For Credit Card, outstanding amount reported would include all customers (i.e individual + families + non-individual). This is to be in line with</p>	<p>The definitions of the asset classes are consistent with that in MAS Notice 637.</p> <p>The term “Contingent Liabilities” refers to all the items listed under Appendix B3 Annex 1A.</p> <p>Outstanding amount of credit cards for Households includes individuals and families (but excludes non-individuals).</p>

	current Monthly Statement on Credit Card Transactions submitted to MAS.	
32	<p><u>Appendix D4 Annex 1 to 8</u></p> <p>To clarify if “Deposits” include precious metals deposits by clients?</p> <p>To provide clarification on the items that are to be reported under the "Deposits – Other Sectors" column.</p> <p>For structured notes cleared through clearing house exchange (eg. Euroclear), can MAS confirm if the counterparty country would be where the exchange is domiciled.</p> <p>Please clarify on the purpose of collecting data on liabilities by country and individual currencies.</p>	<p>“Deposits” do not include precious metals deposits by clients.</p> <p>"Deposits – Other Sectors" refer to deposits from counterparties that are not listed in the preceding columns.</p> <p>Yes.</p> <p>These are the reporting requirements set out by BIS; in which MAS has onward submission responsibilities for aggregated figures.</p>
33	<p><u>Appendix D5</u></p> <p>Are disclosures on “Hedging Derivatives” required as part of this return?</p>	<p>Yes. In accordance with the accounting definition of a documented “Fair Value Hedge” relationship under IFRS 9/IAS 39, disclosures on “Hedging Derivatives” are required as part of this return.</p>
34	<p><u>Appendix E Annex 1</u></p> <p>Given that Islamic Banking is not a legal entity, it is subsumed under conventional banking under regulatory and financial reporting. In this regard, how should banks go about completing the return?</p>	<p>Islamic Banking information supplements the information already submitted by banks and merchant banks and should be reported as a separate business line in Appendix E Annex 1.</p>
35	<p><u>Appendix F Annex 1</u></p> <p>Should all assets be reported within the return?</p> <p>Part I Does "Current" refer to classified assets only?</p>	<p>Only selected assets such as “loans and advances”, “bills discounted or purchased” and “debt securities” should be reported in this Annex.</p> <p>No. Appendix F Annex 1 on Asset Ageing is not limited to classified assets and would require an ageing breakdown for all assets indicated in the appendix, namely “Loans and advances”, “Bills</p>

<p>Footnote 1</p>	<p>Should customers/counterparties that are not yet in the early stages of delinquency be included?</p> <p>MAS Notice 612 does not specify how debt securities should be rated. The notice only addresses credit facilities (i.e. loans and advances).</p>	<p>discounted or purchased” and “Debt securities”.</p> <p>Customers/counterparties who have missed payments should be reflected in the respective columns. However, customers who are not in the early stages of delinquency (e.g. payment missed due to oversight or any other reasons that are assessed to be reasonable) customer may be excluded.</p> <p>Credit facilities include debt securities.</p>
<p>36</p>	<p><u>Appendix F Annex 3</u></p> <p>To clarify if the term "country" is defined as the borrower’s country of incorporation.</p> <p>To clarify if the figures reported under “Amount Outstanding” and “Debt Securities” relate to the carrying value as reported in Financial Statements.</p> <p>To clarify if the country classification is based on ultimate borrower or immediate borrower basis.</p> <p>MAS Notice 612 does not specify how contingent liabilities should be rated. The Notice only addresses credit facilities (i.e. loans and advances).</p> <p>Should classifications be given and provided at the trade, issuer, or counterparty level?</p>	<p>The term is defined as the country of residence, not country of incorporation.</p> <p>Yes.</p> <p>The reporting form should be completed based on immediate borrower basis.</p> <p>MAS Notice 612 is applicable to contingent liabilities.</p> <p>Classifications should be given and provided at the counterparty or obligor level.</p>
<p>37</p>	<p><u>Appendix F Annex 4</u></p> <p>To confirm that classified assets exclude Special Mention accounts.</p>	<p>Assets graded as “Special Mention” are not required to be reported in this Annex.</p>
<p>38</p>	<p><u>Appendix I - Instructions</u></p> <p>Should transactions done outside Singapore but booked in Singapore be</p>	<p>No. Transactions done elsewhere but booked in Singapore books do not need</p>

<p>reported?</p> <p>Some banks do not have a treasury function in Singapore. Customers in Singapore, whose accounts are with a foreign related entity, may place orders through the bank in Singapore. The relationship officer in Singapore serves to only receive an order, and pass that order to the treasury department in the foreign related entity. The foreign related entity will book the deal in its books after executing the transaction with the market. Please clarify whether such transactions, which are not booked in Singapore and where a bank in Singapore serves only as the "postman", would need to be reported.</p> <p>For transactions booked into Singapore entities, SGD transactions are reported in DBU and non-SGD transactions are reported in ACU. We request MAS to clarify the treatment of SGD and non-SGD transactions booked into overseas (non-Singapore) entities where there is no concept of ACU/DBU in their home jurisdiction.</p> <p>For trades done on electronic platform where there is no "trader location" concept, should they be excluded from the reporting?</p> <p>For back-dated trades that are booked after the reporting month, please confirm if they should be included in the current month reporting or resubmission of previous month's reporting is required.</p> <p>Please clarify whether transactions where reporting bank in Singapore deals with a non-bank customer in a</p>	<p>to be reported here.</p> <p>Banks and merchant banks should report trades executed/traded by a trading desk in Singapore, even if it is not booked in Singapore. Transactions that only involve the passing of orders or receipt of orders by the relationship officer should not be reported.</p> <p>For the purpose of Appendix I, banks and merchant banks should report all transactions done in Singapore regardless where the transactions are booked. The location of the booking centre should not affect the classification.</p> <p>The counterparty on an electronic platform is usually assigned an identifier. A trader behind this identifier can be trading from any location. Notwithstanding this, the reporting bank should, on a best effort basis, ascertain the type of counterparty in accordance to the counterparty classifications required in the form.</p> <p>Please resubmit the previous month's reporting.</p> <p>Only the first deal needs to be reported. The second back-to-back deal arises because of internal risk management.</p>
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	<p>non-Asian currency, and then conducts a back-to-back deal with its other branch in another jurisdiction that manages the non-Asian currency book on a global basis, need to be included. Does the report need to capture both the deals, including the second back-to-back deal with the other branch?</p> <p>The instruction stated that “The amount to be reported is the value of the unsettled forward leg”. Does that mean that if both the near and far legs of a swap deal matured, we do not need to report this trade? What if both legs are unsettled? How do we report the transaction? Do we need to report the near leg?</p> <p>We noted some banks (eg. private banks) have started offering more precious metal deposits, such as gold ("XAU"). These are transacted no different from any other currencies, such as spot transactions with other currencies (eg. XAU-USD). If not yet considered, this may be something that the MAS may wish to consider, including clarifying whether cross-currency transactions involving precious metals are considered foreign exchange transactions and should be reported.</p>	<p>For the purpose of the quarterly reporting of this Appendix, the bank/merchant bank should only report forward/swap transactions that are entered into during the quarter, even if the transactions mature prior to the end of the quarter. Only the far legs of these transactions need to be reported.</p> <p>In Appendix I on turnover, which cover foreign exchange and interest rate derivatives, transactions in gold should not be included. In Appendix B3 Annex 4 on Financial Derivatives, which covers not only foreign exchange and interest rate derivatives but also equity, commodity, credit and other derivatives, transactions in gold should be included and reported.</p> <p>The broader point is whether XAUXXX (e.g. XAUUSD, XAUGBP) should be considered as a FX transaction. The pair can be traded like any other currency pair. Buyers of XAUUSD will be credited with XAU denominated units in the custodian account. With an additional premium, the buyer could get delivery of physical gold. However, the referenced assets have different characteristics. A FX currency (e.g. USDSGD) shows the relative price of a country’s currency vis-à-vis that of another country, while the XAUXXX relates to the price of a commodity.</p>
39	<p><u>Appendix I</u></p> <p>There seems to be duplication and overlap of data collection with Trade</p>	<p>We recognise that there will be instances of duplication and overlap, not only</p>

<p>Part IV/V</p>	<p>reporting and RMB Survey.</p> <p>Please advise the definition of "Principal Amount Transacted".</p>	<p>because of daily trade reporting but due to different requirements of other regulators. At this stage, we welcome the banks' and merchant banks' feedback but would still expect the bank to continue submitting this data. In recognition of this, the reporting frequency of this Appendix has been reduced to quarterly basis. Other surveys will eventually be streamlined to minimise duplication.</p> <p>The principal amount transacted refers to the notional amount underlying each transaction.</p>
<p>40</p> <p>Part II</p> <p>Part IV</p> <p>Part VI</p>	<p><u>Appendix J</u></p> <p>To provide further clarification on the definition of "Incidents". Should banks report only the incidents with loss or to report all incidents regardless of whether losses were incurred?</p> <p>How should the figures be reported i.e. on a cumulative year-to-date basis or half-yearly basis from Jan to Jun and July to Dec?</p> <p>Can reporting be based on "Notification Date" (and not Discovery Date, Recognition Date or Occurrence Date)?</p> <p>Generally, significant litigation cases are notified to MAS on an ad hoc basis and at least annually as part of the CRAFT process.</p> <p>In view of this, we request the MAS to restrict the reporting of number of litigation cases to claims exceeding a certain threshold (say S\$ 500k) and where provisions have actually been made.</p> <p>Should staff performing Group roles be reported?</p>	<p>The banks and merchant banks should report all incidents that resulted in actual losses which are recognised in the banks' and merchant banks' accounts.</p> <p>Figures reported should reflect the operational losses incurred during the reporting period - that is half-yearly from Jan to Jun and July to Dec.</p> <p>The banks and merchant banks should report all incidents that resulted in actual losses which are recognised in the banks' and merchant banks' accounts.</p> <p>We agree that reporting should be limited to those cases where provisions have actually been made. However, we do not agree that a threshold be set given the varying size of banks and merchant banks in the industry.</p> <p>If the staff performs dual roles including group roles, the headcount should be allocated based on the proportion of the time the staff spends on tasks that are relevant to the bank or merchant bank.</p>

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¹ Some comments have been paraphrased

APPENDIX 3 – Draft MAS Notice 610 and Draft MAS Notice 1003

MAS NOTICE 610

<2014>

NOTICE TO BANKS
BANKING ACT, CAP 19

SUBMISSION OF STATISTICS AND RETURNS

Introduction

This Notice is issued pursuant to section 55 of the Banking Act (Cap. 19) [“the Act”]. It applies to all banks in Singapore.

Definitions

- 1 In this Notice, unless the context otherwise requires –
- (a) “Accounting Standards” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);
 - (b) “Business day” means any calendar day other than a Saturday, Sunday, public holiday or bank holiday;
 - (c) “parent” has the meaning given to that word in the Accounting Standards;
 - (d) “related corporations” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);
 - (e) “reporting forms” means the forms annexed to this Notice as “Appendix A1 to K”; and
 - (f) “treasury shares” has the same meaning as in section 4(1) of the Companies Act (Cap. 50).

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 the Act.

Submission Requirements

3 A bank in Singapore shall ensure that each reporting form is approved by its chief executive or any person authorised by its chief executive to approve such reporting forms.

4 Subject to paragraphs 5 and 6, every bank shall lodge the reporting forms with the Authority as follows:

- (a) for the reporting forms which are to be submitted on a monthly basis, no later than 10 days after the last day of each month ("monthly lodgement date"). If the monthly lodgement date is not a Business day, the bank may lodge the reporting forms on the next Business day; and
- (b) for all other reporting forms, no later than 30 days after the last day of the reporting period to which the form relates ("lodgement date"). If the lodgement date is not a Business day, the bank may submit the reporting forms on the next Business day.

5 The reporting forms which are to be submitted on a quarterly basis in Appendix I shall be submitted for the quarters ending January, April, July and October. All other reporting which are to be submitted on a quarterly basis shall be submitted for the quarters ending March, June, September and December.

6 A bank incorporated in Singapore (other than a foreign-owned bank incorporated in Singapore) shall lodge reporting forms which are to be submitted at both the consolidated and standalone levels, with the Authority, no later than 45 days after the last day of the reporting period to which the form relates.

Transitionals and Effective Date

7 This Notice shall take immediate effect.

8 Notwithstanding paragraph 7, a bank need only comply with paragraphs 4 and 5—

- (a) in respect of any reporting form which is submitted on a monthly basis from < >;
- (b) in respect of any reporting form in Appendix I which is submitted on a quarterly basis, for the quarter ending < >;
- (c) in respect of any other reporting form which is submitted on a quarterly basis, for the quarter ending < >;
- (d) in respect of any form which is submitted on a half-yearly basis, for the half-year ending < > ; and
- (e) in respect of any reporting form which is to be submitted on an annual basis, for the year ending < > .

MAS NOTICE 1003

<2014>

NOTICE TO MERCHANT BANKS
MONETARY AUTHORITY OF SINGAPORE ACT, CAP 186

SUBMISSION OF STATISTICS AND RETURNS

Introduction

This Notice is issued pursuant to section 28(3) of the Monetary Authority of Singapore Act (Cap. 186) [“the Act”]. It applies to all merchant banks.

Definitions

- 1 In this Notice, unless the context otherwise requires –
- (a) “Accounting Standards” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);
 - (b) “Business day” means any calendar day other than a Saturday, Sunday, public holiday or bank holiday;
 - (c) “parent” has the meaning given to that word in the Accounting Standards;
 - (d) “related corporations” has the same meaning as in section 4(1) of the Companies Act (Cap. 50)
 - (e) “reporting forms” means the forms annexed to this Notice as “Appendix B1 to K”; and
 - (f) “treasury shares” has the same meaning as in section 4(1) of the Companies Act (Cap.50).

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 the Act.

Submission Requirements

3 A merchant bank shall ensure that each reporting form is approved by its chief executive or any person authorised by its chief executive to approve such reporting forms.

4 Every merchant bank shall lodge the reporting forms with the Authority as follows:

- (a) for the reporting forms which are to be submitted on a monthly basis, no later than 10 days after the last day of each month ("monthly lodgement date"). If the monthly lodgement date is not a Business day, the merchant bank may lodge the reporting forms on the next Business day; and
- (b) for all other reporting forms, no later than 30 days after the last day of the reporting period to which the form relates ("lodgement date"). If the lodgement date is not a Business day, the merchant bank may submit the reporting forms on the next Business day.

5 The reporting forms which are to be submitted on a quarterly basis in Appendix I shall be submitted for the quarters ending January, April, July and October. All other reporting which are to be submitted on a quarterly basis shall be submitted for the quarters ending March, June, September and December.

Transitionals and Effective Date

6 This Notice shall take immediate effect.

7 Notwithstanding paragraph 6, a merchant bank need only comply with paragraphs 4 and 5 —

- (a) in respect of any reporting form which is submitted on a monthly basis from < >;

- (b) in respect of any reporting form in Appendix I which is submitted on a quarterly basis, for the quarter ending < >;
- (c) in respect of any other reporting form which is submitted on a quarterly basis, for the quarter ending < >;
- (d) in respect of any form which is submitted on a half-yearly basis, for the half-year ending < > ; and
- (e) in respect of any reporting form which is to be submitted on an annual basis, for the year ending < >.

APPENDIX 4 – Draft Reporting Forms



Monetary Authority of Singapore