



**Monetary Authority of Singapore**

---

**BANKING ACT  
(CAP. 19)**

**NOTICE ON LENDING OF SINGAPORE DOLLAR TO  
NON-RESIDENT FINANCIAL INSTITUTIONS**

---

**Notice No** : MAS 1105  
**Issue Date** : 28 June 2021

## **NOTICE ON LENDING OF SINGAPORE DOLLAR TO NON-RESIDENT FINANCIAL INSTITUTIONS**

---

### **1 Scope**

1.1 This Notice issued pursuant to section 55(1) and as applied by section 55ZJ(1) of the Banking Act (Cap 19) (the “Act”) governs the lending of S\$ by merchant banks in Singapore (“Merchant Banks”) to non-resident financial institutions.

1.2 This Notice does not apply to the lending of S\$ to individuals and non-financial institutions (including corporate treasury centres).

1.3 This Notice does not permit Merchant Banks to engage in financial activities beyond the scope of the Guidelines for Operation of Merchant Banks or in contravention of other MAS Notices, Directions or Guidelines.

### **2 Definition**

2.1 In this Notice:

“Entities” include legal entities, partnerships/firms and other forms of business vehicles;

“Financial institutions” means entities whose main business is in financial services, including one or more of the following:

- (a) banking;
- (b) merchant banking;
- (c) investment banking;
- (d) financing;
- (e) insurance;
- (f) dealing in capital market products;
- (g) asset / fund management (including hedge funds);

- (h) money, futures, and prime brokering;
- (i) other types of financial activity that MAS may designate in writing;

“Non-residents” means entities which do not fall within the definition of a resident;

“Residents” means:

- (a) companies which are at least 50% owned by Singapore citizens;  
or
- (b) the following financial institutions in Singapore which are subject to this notice, or MAS Notices 109, 757, 816 or SFA 04-N04:
  - (i) a bank licensed under the Act;
  - (ii) a merchant bank licensed under the Act;
  - (iii) a finance company licensed under the Finance Companies Act (Cap 108);
  - (iv) a licensed insurer (other than a captive insurer) under the Insurance Act (Cap 142); and
  - (v) a person holding a capital markets services licence to carry on a business of dealing in capital market products that are securities, units in a collective investment scheme or securities-based derivatives contracts under the Securities and Futures Act (Cap 289); and

“S\$ credit facilities” include loans, contingent credit lines and foreign exchange swaps involving a sale of S\$ to a non-resident financial institution in the first leg of the transaction.

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

### **3 S\$ Credit Facilities**

3.1 A Merchant Bank may lend S\$ to non-resident financial institutions for any purpose whether in Singapore or elsewhere as long as the aggregate S\$ credit facilities do not exceed S\$5 million per entity<sup>1</sup>.

3.2 Where a Merchant Bank lends S\$ to a non-resident financial institution for any purpose whether in Singapore or elsewhere and the aggregate S\$ credit facilities exceed S\$5 million for that non-resident financial institution, a Merchant Bank must comply with all of the following conditions:

- (a) Where the S\$ proceeds are to be used outside Singapore, the Merchant Bank must ensure that the S\$ proceeds are swapped or converted into foreign currency upon draw-down;
- (b) Notwithstanding paragraph 3.2(a), the Merchant Bank may extend temporary S\$ overdrafts of any amount to vostro accounts of non-resident financial institutions for the purpose of preventing settlement failures. However, the Merchant Bank must take reasonable efforts to ensure that the overdrafts are covered within two business days;
- (c) Notwithstanding paragraphs 3.2(a) and (b), the Merchant Bank must not extend S\$ credit facilities to non-resident financial institutions if there is reason to believe that the S\$ proceeds may be used for S\$ currency speculation.

3.3 A Merchant Bank must report to MAS, monthly, its aggregate outstanding S\$ lending to non-resident financial institutions in the format in Appendix 1. Where a Merchant Bank does not have any aggregate outstanding

---

<sup>1</sup> For financial institutions seeking to obtain S\$ credit facilities, each subsidiary is considered a separate entity while the head office and all overseas branches are collectively regarded as one entity.

S\$ lending to non-resident financial institutions for a particular month, the Merchant Bank must submit a nil return for that month. A Merchant Bank must submit all of the information required in Appendix 1 to the Monetary Management Division of MAS no later than 10 working days after the reporting month. A Merchant Bank must keep documentary evidence supporting these S\$ credit facilities for audit and inspection purposes.

#### **4 S\$ Equity and Bond Issuance**

4.1 A Merchant Bank may arrange S\$ equity or bond issues for non-resident financial institutions. If the S\$ proceeds are to be used outside Singapore, they must be swapped or converted into foreign currency before remitting abroad.

#### **5 Consultation Procedure**

5.1 Should a Merchant Bank need to consult MAS, it may write to:

Monetary Management Division, MAS  
10 Shenton Way, MAS Building  
26th Floor  
Singapore 079117  
Fax: 62299491  
Email: [sgddiv@mas.gov.sg](mailto:sgddiv@mas.gov.sg)

6. This notice takes effect on 1 July 2021.

**APPENDIX 1**

**OUTSTANDING S\$ CREDIT FACILITY (To be submitted online)**

**AS AT END OF (month)**

Name of Merchant Bank \_\_\_\_\_ Merchant Bank Code  
\_\_\_\_\_

Officer-in-charge \_\_\_\_\_ (Tel) \_\_\_\_\_

**S\$ CREDIT FACILITIES**

<b>Non-Resident Financial Institution</b>	<b>Outstanding Amount (S\$m)</b>
In Singapore	
Outside Singapore	
Total	