

## **MAS NOTICE 1001**

28 June 2021

NOTICE TO MERCHANT BANKS  
BANKING ACT, CAP 19

### **DEFINITION OF CAPITAL FUNDS AND HEAD OFFICE CAPITAL FUNDS**

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1. This Notice is issued pursuant to sections 2(1) and 55T(11) of the Banking Act (the “Act”).

#### **Definition**

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

#### **Definition of Capital Funds**

3. For the purposes of sub-paragraph (c) of the definition of “capital funds” in section 2(1) of the Act, all of the following are to be excluded as “capital funds”:

- (i) revaluation reserves;
- (ii) unrealised fair value gains or losses on equity securities held at fair value through other comprehensive income;
- (iii) unrealised fair value gains or losses on debt securities and loans held at fair value through other comprehensive income;
- (iv) cumulative fair value gains or losses on cashflow hedges of financial instruments that are measured at amortised cost.

#### **Definition of Head Office Capital Funds**

4. For the purposes of sub-paragraph (b) of the definition of “head office capital funds” in section 55T(11) of the Act, the term “published reserves” exclude any revaluation reserves.

5. This Notice shall take effect on 1 July 2021.