

# RESPONSE TO FEEDBACK RECEIVED

November 2018

## Proposed Amendments to Widen the Scope of Eligible Collateral in MAS Notice 637

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## **1 Preface**

1.1 On 20 December 2017, MAS consulted on proposed amendments to MAS Notice 637 on Risk-based Capital Adequacy Requirements for Banks Incorporated in Singapore to widen the scope of eligible collateral relating to commodities and equity securities that may be recognised for credit risk mitigation purposes.

1.2 The consultation closed on 19 January 2018. MAS would like to thank all respondents for their feedback. The list of respondents is in the Annex.

1.3 The revisions to MAS Notice 637 relating to the proposals in the 20 December 2017 consultation paper will take effect from 16 November 2018.

1.4 MAS has considered the feedback received carefully and where appropriate, has incorporated them into the revised MAS Notice 637. Feedback of wider interest, together with MAS' response, is set out below.

## **2 Response to Feedback**

### Definition of Commodity

2.1 One respondent sought clarity on the definition of commodities that can be recognised as eligible physical collateral by banks using the foundation internal ratings based approach for credit risk.

### MAS' Response

2.2 To provide greater clarity, the term "commodity" will be defined in paragraph 2.5A of Annex 7F of MAS Notice 637 to mean (a) any produce, item, good or article, or (b) any index, right or interest in any produce, item, good or article. A Reporting Bank must also ensure that it meets the legal and operational requirements for the recognition of eligible physical collateral set out in Annex 7F of MAS Notice 637. This includes ensuring that any commodity it recognises has liquid markets for disposal in an expeditious and economically efficient manner, and well-established and publicly available market prices.

**MONETARY AUTHORITY OF SINGAPORE**

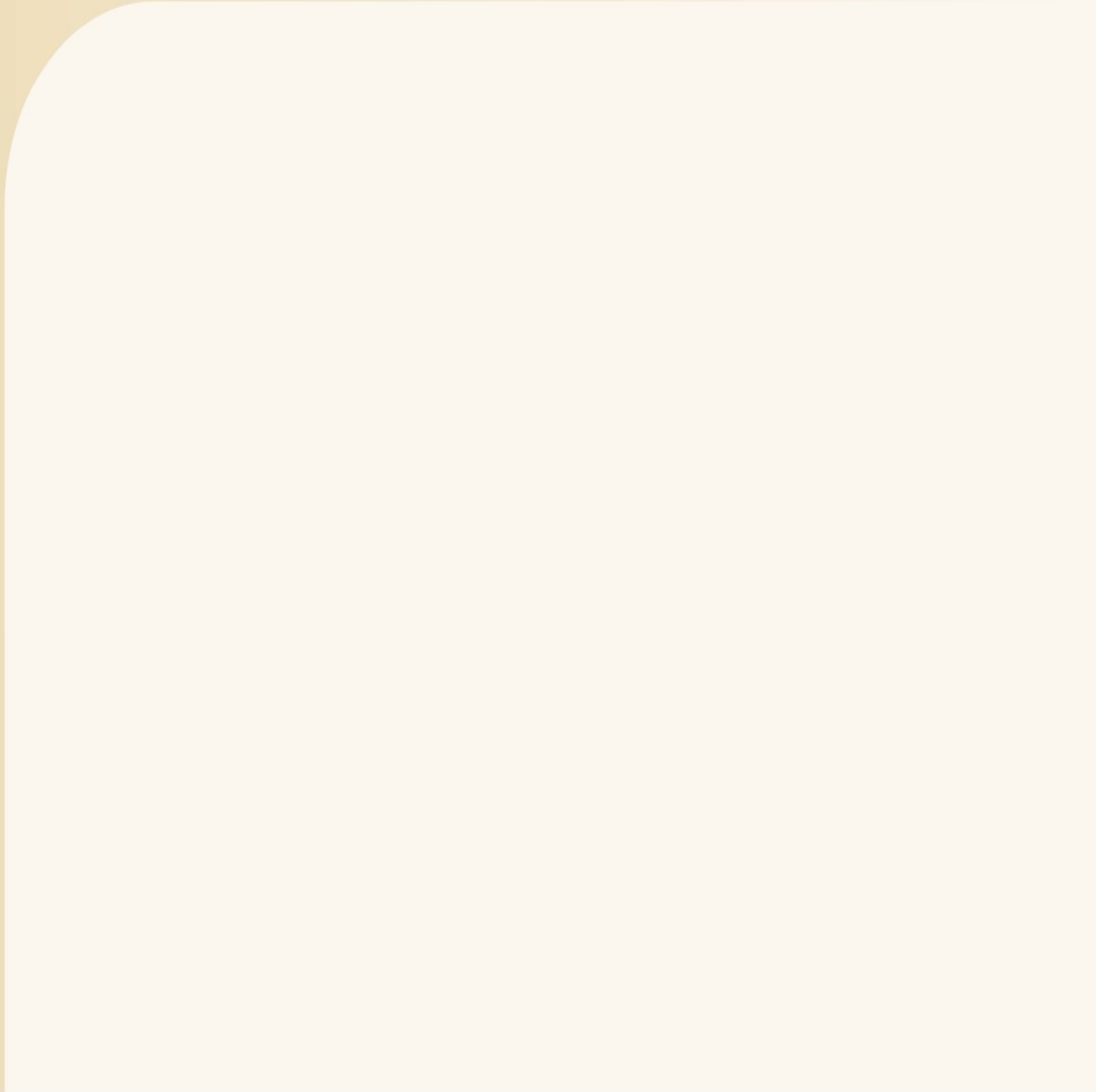
13 November 2018

**Annex**

**LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON PROPOSED  
AMENDMENTS TO WIDEN THE SCOPE OF ELIGIBLE COLLATERAL IN  
MAS NOTICE 637**

1. Citibank Singapore Limited
2. DBS Bank Ltd
3. Oversea-Chinese Banking Corporation Limited

One respondent requested confidentiality of identity.



Monetary Authority of Singapore