

## **MAS NOTICE 625 (AMENDMENT) 2021**

Issued on: 28 June 2021

### **COMPLIANCE WITH SECTIONS 31 AND 33 ON A CONSOLIDATED BASIS**

#### **Introduction**

- 1 For presentational purposes, the amendments in this document are compared against the version of MAS Notice 625 last revised on 6 June 2007.
- 2 This document shall be interpreted as follows:
  - (a) Text which is coloured and struck through represents deletion which will not appear in the untracked version of MAS Notice 625 last revised on 28 June 2021 which is published on MAS' website [www.mas.gov.sg](http://www.mas.gov.sg) ("Published Version"); and
  - (b) Text which is coloured and underlined represents insertion which will appear in the Published Version.
- 3 The amendments reflected in this document shall take effect on 1 July 2021.
- 4 This document is to be used for reference only. In the event of discrepancies between the amendments in this document and the Published Version, the Published Version shall prevail.

## MAS 625

22 October 2004

Last revised on ~~6 June 2007~~ 28 June 2021\*

### NOTICE TO BANKS BANKING ACT, CAP 19

(MAS 625 dated 11 November 2002 is cancelled with effect from 22 November 2004)

#### **COMPLIANCE WITH SECTIONS 31 AND 33 ON A CONSOLIDATED BASIS**

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1 This notice is issued pursuant to section ~~36(2)~~ 65(2) of the Banking Act (Cap 19) [“the Act”] and applies to all banks **incorporated** in Singapore.

[MAS Notice 625 (Amendment) 2021]

#### **Definitions**

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

3 Every bank **incorporated** in Singapore ~~shall~~ **must**, for the purposes of compliance on a consolidated basis with sections 31 and 33 of the Act, aggregate its assets, liabilities, profits or losses with the assets, liabilities, profits or losses of all or any of its related corporations and companies in which the bank has a major stake as defined in section 32(7) of the Act in accordance with the Appendices to this Notice.

[MAS Notice 625 (Amendment) 2021]

4 This Notice takes effect on 22 November 2004. MAS Notice 625 dated 11 November 2002 is cancelled with effect from 22 November 2004.

#### \* Notes on History of Amendments

1. MAS Notice 625 (Amendment) 2007 with effect from 11 June 2007.
2. **MAS Notice 625 (Amendment) 2021 with effect from 1 July 2021.**

**Definitions of Terms used in Appendices III and IV**

1 In Appendices III and IV, unless the context otherwise requires –

(a) “Accounting Standards” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

(b) ~~[deleted by MAS Notice 625 (Amendment) 2021] “adjusted group funds”, in relation to a bank incorporated outside Singapore, means the amount of capital funds specified in the consolidated accounts of the bank group (prepared in accordance with the Accounting Standards), and any minority interest arising from accounting consolidation of subsidiaries;~~

~~[MAS Notice 625 (Amendment) 2007]~~

(c) ~~[deleted by MAS Notice 625 (Amendment) 2007]~~

(d) “bank group”, in relation to a bank **incorporated** in Singapore means the bank, its subsidiaries, and any other company treated as part of the bank’s group of companies according to Accounting Standards;

[MAS Notice 625 (Amendment) 2007]

[MAS Notice 625 (Amendment) 2021]

(da) “eligible total capital”, in relation to a bank incorporated in Singapore, has the same meaning as “Eligible Total Capital” in MAS Notice 637, on a standalone (“Solo”) level;

(db) “eligible total capital”, in relation to a bank group, has the same meaning as “Eligible Total Capital” in MAS Notice 637, on a consolidated (“Group”) level.;

[MAS Notice 625 (Amendment) 2007]

[MAS Notice 625 (Amendment) 2021]

(e) ~~[deleted by MAS Notice 625 (Amendment) 2021] “subsidiary”, in relation to a bank incorporated in Singapore, has the same meaning as in the Companies Act (Cap.50).;~~

~~[MAS Notice 625 (Amendment) 2021]~~

2 ~~[deleted by MAS Notice 625 (Amendment) 2021] In relation to a bank incorporated outside Singapore, a reference to a “subsidiary” of the bank is a reference to a company that is a subsidiary of the bank and which is reflected as an investment in the books of the bank in Singapore in relation to its operations in Singapore.~~

~~[MAS Notice 625 (Amendment) 2007]~~

[deleted by MAS Notice 625 (Amendment) 2007]

**Aggregation for the purpose of compliance on a consolidated basis with section 31 of the Banking Act**

1 A bank ~~incorporated~~ in Singapore ~~shall~~ must not acquire or hold, either directly or through any subsidiary of the bank or any other company treated as part of the bank's group of companies according to Accounting Standards, any equity investment in a company which exceeds in the aggregate 2% of ~~, in the case of a bank incorporated in Singapore, the eligible total capital of the bank group and in the case of a bank incorporated outside Singapore, the adjusted group funds of the bank,~~ or such other percentage as the Authority may prescribe ~~pursuant to~~ for the purposes of section 31(1) of the Act in respect of an equity investment held by the bank.

[MAS Notice 625 (Amendment) 2007]

[MAS Notice 625 (Amendment) 2021]

2 For the purpose of complying with paragraph 1, a bank ~~incorporated~~ in Singapore ~~shall~~ must aggregate the value of equity investment in a company acquired or held by the bank with the value of equity investment in the company that is acquired or held by the subsidiaries of the bank and any other company treated as part of the bank's group of companies according to Accounting Standards.

[MAS Notice 625 (Amendment) 2007]

[MAS Notice 625 (Amendment) 2021]

3 [deleted by MAS Notice 625 (Amendment) 2007]

4 For the purpose of computing the value of equity investments in paragraph 1, a bank ~~incorporated~~ in Singapore ~~shall~~ must exclude the value of—

[MAS Notice 625 (Amendment) 2021]

- (a) any interest held by way of security for the purposes of a transaction entered into in the ordinary course of the business of the bank or the subsidiary of the bank or any other company treated as part of the bank's group of companies according to Accounting Standards, as the case may be;

[MAS Notice 625 (Amendment) 2007]

- (b) any shareholding or interest acquired or held by the bank or any subsidiary of the bank or any other company treated as part of the bank's group of companies according to Accounting Standards, in the course of satisfaction of debts due to the bank or the subsidiary of the bank or any other company treated as part of the bank's group of companies according to Accounting Standards, as the case may be, and which is disposed of at the earliest suitable opportunity;

[MAS Notice 625 (Amendment) 2007]

- (c) any major stake approved under section 32 of the Act;
- (d) any equity investment acquired or held by ~~a the bank in Singapore exempted from~~ that section 31(1) of the Act ~~does not apply to,~~ under regulation 6B or 6C of the Banking Regulations (Rg 5); and

[MAS Notice 625 (Amendment) 2007]

[MAS Notice 625 (Amendment) 2021]

- (e) any equity investment acquired or held by any subsidiary or any other company treated as part of the bank's group of companies according to Accounting Standards, under the same conditions or circumstances ~~as any equity investment acquired or held by a bank in Singapore which is exempted from section 31(1) that~~ an equity investment acquired or held by the bank is excluded from the application of section 31(1), under regulation 6B or 6C of the Banking Regulations (Rg 5).

[MAS Notice 625 (Amendment) 2007]

[MAS Notice 625 (Amendment) 2021]

5 [deleted by MAS Notice 625 (Amendment) 2007]

6 In this Appendix, "equity investment" has the same meaning as in section 31 of the Act.

**Aggregation for the purpose of compliance on a consolidated basis with section 33 of the Banking Act**

1 A bank ~~incorporated~~ in Singapore ~~shall~~**must** not acquire or hold, directly or through a subsidiary of the bank or any other company treated as part of the bank's group of companies according to Accounting Standards, interests in or rights over immovable property, wherever situated, the value of which exceeds in the aggregate 20% of, ~~in the case of a bank incorporated in Singapore,~~ the eligible total capital of the bank group ~~and in the case of a bank incorporated outside Singapore, the adjusted group funds of the bank,~~ or such other percentage as the Authority may prescribe ~~pursuant to~~ **for the purposes of** section 33(1) of the Banking Act in respect of any interest or right over immovable property held by bank.

[MAS Notice 625 (Amendment) 2007]

[MAS Notice 625 (Amendment) 2021]

2 For the purpose of complying with paragraph 1, a bank ~~incorporated in Singapore~~ ~~shall~~**must** aggregate the value of a bank's interest in or rights over immovable property with the value of the interests in or rights over immovable property that is acquired or held by the bank's subsidiaries and any other company treated as part of the bank's group of companies according to Accounting Standards.

[MAS Notice 625 (Amendment) 2007]

[MAS Notice 625 (Amendment) 2021]

3 [deleted by MAS Notice 625 (Amendment) 2007]

4 For the purpose of computing the value of the interests in or rights over immovable property in paragraph 1, a bank ~~incorporated in Singapore~~ ~~shall~~**must** exclude the value of any interest in or right over immovable property that is acquired or held by ~~a~~**the** bank or any subsidiary of the bank or any other company treated as part of the bank's group of companies according to Accounting Standards, as the case may be, that is attributable to the following:

[MAS Notice 625 (Amendment) 2007]

[MAS Notice 625 (Amendment) 2021]

- (a) any interest in or right over immovable property or any part thereof used for the purpose of conducting the business of the bank or any subsidiary of the bank or any other company treated as part of the bank's group of companies according to Accounting Standards or housing or providing amenities for its officers;

[MAS Notice 625 (Amendment) 2007]

- (b) any interest in or right over immovable property that is held by way of security for the purposes of a transaction entered into in the ordinary course of the

business of the bank or any subsidiary of the bank or any other company treated as part of the bank's group of companies according to Accounting Standards;

[MAS Notice 625 (Amendment) 2007]

- (c) any interest in or right over immovable property held by way of enforcement of a security referred to in paragraph 4(b), provided that it is disposed of by the bank or the subsidiary of the bank or any other company treated as part of the bank's group of companies according to Accounting Standards, as the case may be, at the earliest suitable opportunity; and

[MAS Notice 625 (Amendment) 2007]

- (d) any interest in or right over immovable property or any part thereof held for the benefit of persons other than the bank or any subsidiary of the bank or any other company treated as part of the bank's group of companies according to Accounting Standards pursuant to an obligation imposed under any written law, rule of law, contract or order of court.

[MAS Notice 625 (Amendment) 2007]

5 [deleted by MAS Notice 625 (Amendment) 2007]