

## **MAS 625**

22 October 2004

Last revised on 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 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 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]

(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]

2 [deleted by MAS Notice 625 (Amendment) 2021]

## Appendix II

[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 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 the eligible total capital of the bank group or such other percentage as the Authority may prescribe 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 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 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 the bank 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 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 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 the eligible total capital of the bank group or such other percentage as the Authority may prescribe 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 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 must exclude the value of any interest in or right over immovable property that is 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, 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]