

## **MAS Notice 1016**

29 June 2021

NOTICE TO MERCHANT BANKS

BANKING ACT, CAP 19

### **Loss Allowance for Expected Credit Losses on Credit Exposures**

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This notice is issued pursuant to section 55(1) as applied by section 55ZJ(1) of the Banking Act (Cap 19) (the “Act”) and applies to all merchant banks in Singapore (“Merchant Banks”).

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

3 A Merchant Bank must recognise a loss allowance for expected credit losses (“ECL”) on all credit exposures before the Merchant Bank declares any profit or loss or dividend on its shares, and must ensure that such loss allowance is adequate.

4 In the case of a merchant bank incorporated outside Singapore, the Merchant Bank must recognise a loss allowance in Singapore for ECL on all credit-impaired exposures in respect of the operations of the Merchant Bank.

#### **Effective Date**

5 This Notice takes effect on 1 July 2021.