

RESPONSE TO FEEDBACK RECEIVED – CONSULTATION PAPER ON PROPOSED PAID-UP CAPITAL REQUIREMENTS FOR WHOLESALE BANKS

1 Introduction

1.1 On 7 November 2007, the Monetary Authority of Singapore (MAS) conducted a public consultation on the proposed paid-up capital requirements for wholesale banks. The MAS would like to thank all respondents for their comments. Comments from the industry, together with MAS' responses, are set out below.

2 Feedback

2.1 The MAS has received feedback that the proposed minimum paid-up capital of S\$15 million for locally incorporated wholesale banks is too low as compared to the corresponding requirement applicable for locally incorporated full banks and is not commensurate with the difference in business activities and risk profiles between the two. There is also concern that a minimum paid-up capital of S\$15 million is insufficient to discern between foreign banks committed to developing a long term presence in Singapore from banks that are merely exploring the market. One respondent also questioned whether there was a need to impose different minimum paid-up capitals for locally incorporated wholesale banks depending on whether they intend to establish branches or subsidiaries outside of Singapore

The MAS' Response

2.2 The MAS has reviewed the feedback and have decided to impose a single minimum paid-up capital requirement of S\$100 million for a locally incorporated wholesale bank regardless of whether the bank has branches or subsidiaries overseas.

3 Implementation

3.1 The MAS will implement the minimum paid-up capital requirement of S\$100 million for wholesale banks by way of prescription under banking regulations.

MONETARY AUTHORITY OF SINGAPORE
3 August 2009