

MAS 622A

6 June 2007

NOTICE TO BANKS
BANKING ACT, CAP 19

(MAS Notice 622A dated 17 July 1999 is cancelled with effect from 11 June 2007)

APPOINTMENT OF CHIEF EXECUTIVES OF BRANCHES OF BANKS INCORPORATED OUTSIDE OF SINGAPORE

1 This Notice is issued pursuant to section 55 of the Banking Act (Cap. 19) [“the Act”] and applies to banks which are incorporated outside Singapore.

Definition

2 In this Notice, “chief executive”, in relation to a bank incorporated outside Singapore, means any person, by whatever name described, who—

- (a) is in the direct employment of, or acting for or by arrangement with, the bank; and
- (b) is principally responsible for the management and conduct of the business of the bank in Singapore.

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

Approval for appointment

4 A bank incorporated outside Singapore shall obtain the prior written approval of the Authority for the appointment of its chief executive and deputy chief executive (including any other officer by whatever name called, who has responsibilities or functions similar to this officer) of their branches in Singapore.

5 Without prejudice to any other matter that the Authority may consider relevant, the Authority shall, in determining whether to grant its approval under

paragraph 4, have regard to whether the person is a fit and proper person to hold the office.

6 Each bank shall forward to the Authority copies of each candidate's curriculum vitae when applying for approval.

Removal of principal officers

7 Where —

- (a) the Authority is satisfied that a chief executive or deputy chief executive of a bank incorporated outside Singapore (referred to in this Notice as officer) —
 - (i) has wilfully contravened or wilfully caused the bank to contravene any provision of the Act;
 - (ii) has, without reasonable excuse, failed to secure the compliance of the bank with any provision of the Act; or
 - (iii) has failed to discharge any of the duties of his office; or
- (b) such officer has had —
 - (i) execution against him in respect of a judgment debt returned unsatisfied in whole or in part; or
 - (ii) a prohibition order under section 59 of the Financial Advisers Act (Cap. 110), section 35V of the Insurance Act (Cap. 142) or section 95 of the Securities and Futures Act (Cap. 289) made against him that remains in force,

the Authority may, if it thinks it necessary in the public interest or for the protection of depositors of the bank, direct the bank to remove the officer from office or employment within such period as may be specified and the bank shall comply with the direction.

8 Before directing a bank to remove the officer under paragraph 7, the Authority shall —

- (a) give the bank and the officer notice in writing of its intention to do so; and
- (b) in the notice referred to in sub-paragraph (a), call upon the bank and the officer to show cause within such time as may be specified in the notice why the officer should not be removed.

9 If the bank and the officer referred to in paragraph 7 —

- (a) fail to show cause within the time specified in a notice issued under paragraph 8 or within such extended period of time as the Authority may allow; or
- (b) fail to show sufficient cause,

the Authority may direct the bank to remove the officer under paragraph 7.

Responsibilities of chief executive and deputy chief executive

10 The chief executive and deputy chief executive of the branch of the bank in Singapore are responsible for ensuring the prudent and professional management of the branch and its compliance with the Banking Act (Cap 19), the Companies Act (Cap 50), all rules, regulations, notices and directives issued by the Authority and any other relevant laws and regulations. The responsibilities of a chief executive and deputy chief executive should include -

- (a) establishing and ensuring compliance with sound written policies on all operational areas, including the branch's lending activities, investment activities, treasury activities, accounting, internal control, internal auditing and compliance with laws, rules, regulations and the notices and directives issued by the Authority;
- (b) establishing in writing the limits of the discretionary powers of each officer, committee, sub-committee and such other grouping for the purpose of lending, investing or committing the branch to any financial undertaking or exposure to risks of any nature; and
- (c) ensuring that the branch has adequate risk management systems and sound internal controls over its activities and operations.

11 This Notice shall take effect on 11 June 2007.