



The Monetary Authority of Singapore

TRUST COMPANIES ACT (ACT 11 OF 2005)

NOTICE ON QUALIFYING ASSETS AND REDUCTION PERCENTAGES

Notice No: TCA-N02
Issue Date: 22 December 2005

NOTICE ON QUALIFYING ASSETS AND REDUCTION PERCENTAGES

1. This Notice is issued pursuant to section 76(1) of the Trust Companies Act 2005 (Act No. 11 of 2005) ("the Act").

APPLICABILITY OF THIS NOTICE

2. This Notice applies to all licensed trust companies incorporated outside Singapore.

REQUIREMENTS ON QUALIFYING ASSETS

3. For the purposes of Regulations 11 and 12 of the Trust Companies Regulations 2005, the licensed trust company shall maintain qualifying assets in accordance with the requirements set out in this Notice.

4. The amount of qualifying assets is determined by reducing the amount of assets meeting the requirements of each row by the reduction percentage listed in that row in the table in Appendix I, and taking the sum of the reduced amounts.

5. Qualifying assets shall —

- (a) be booked in the Singapore branch;
- (b) be unencumbered, with any risk of right of set-off being mitigated; and
- (c) not be exposed to risks of counter-parties related to the licensed trust company (this includes intra-group 'assets' such as loans to head offices and branches).

EFFECTIVE DATE

6. This Notice shall take effect on 1 February 2006.

Table of qualifying assets and the applicable valuation methods

<i>Asset Category</i>	<i>Valuation Method</i>	<i>Reduction Percentage</i>
1. Notes and coins in all currencies that are physically kept in Singapore	book value	15%
2. Singapore government securities and treasury bills	book value	15%
3. Debt securities issued by Singapore statutory boards where — (a) the debts are repayable in Singapore dollars; (b) the debts are guaranteed; (c) the securities are kept in Singapore in the case of securities transferable by delivery, or the register is kept in Singapore in the case of securities transferable by registration; and (d) the securities are not held through a clearing and depository system, custodian or other intermediary outside Singapore	book value	15%
4. Debt securities issued by Singapore statutory boards where — (a) the debts are repayable in Singapore dollars; (b) the securities are kept in Singapore in the case of securities transferable by delivery, or the register is kept in Singapore in the case of securities transferable by registration; and (c) the securities are not held through a clearing and depository system, custodian or other intermediary outside Singapore	book value	20%
5. Debt securities issued by Singapore -resident companies that are not associates of the licensed trust company as set out in section 16(4)(c) of the Act where — (a) the debts are repayable in Singapore dollars; (b) the securities are rated as investment grade by Fitch IBCA, Moody's, or Standard & Poor's; (c) the securities are kept in Singapore in the	book value	25%

<i>Asset Category</i>	<i>Valuation Method</i>	<i>Reduction Percentage</i>
<p>case of securities transferable by delivery, or the register is kept in Singapore in the case of securities transferable by registration; and</p> <p>(d) the securities are not held through a clearing and depository system, custodian or other intermediary outside Singapore</p>		
<p>6. Debt securities issued by Singapore -resident companies that are not associates of the licensed trust company as set out in section 16(4)(c) of the Act where —</p> <p>(a) the debts are repayable in Singapore dollars;</p> <p>(b) the securities are rated below investment grade by Fitch IBCA, Moody's, or Standard & Poor's, or are unrated;</p> <p>(c) the securities are kept in Singapore in the case of securities transferable by delivery, or the register is kept in Singapore in the case of securities transferable by registration; and</p> <p>(d) the securities are not held through a clearing and depository system, custodian or other intermediary outside Singapore</p>	book value	40%
<p>7. Immovable property in Singapore</p>	book value	40%
<p>8. Shares issued by companies that are not associates of the licensed trust company as set out in section 16(4)(c) of the Act where —</p> <p>(a) the shares are listed;</p> <p>(b) in the case of shares issued by companies incorporated outside Singapore:</p> <p>(i) the shares are transferable by delivery;</p> <p>(ii) the share certificates are kept in Singapore; and</p> <p>(iii) the shares are not held through a clearing and depository system, custodian or other intermediary outside Singapore; and</p> <p>(c) in the case of shares issued by companies incorporated in Singapore, the shares are not held through a clearing and depository system, custodian or other intermediary outside Singapore</p>	book value	45%