

Notice No : MAS 1105 (Amendment) 2018
Issue Date : 5 October 2018

NOTICE ON LENDING OF SINGAPORE DOLLAR TO NON-RESIDENT FINANCIAL INSTITUTIONS

Introduction

1 For presentational purposes, the amendments in this document are compared against the version of the MAS Notice 1105 on lending of Singapore Dollar to non-resident financial institutions [Notice No. 1105] issued on 28 May 2004.

2 This document shall be interpreted as follows:

- (a) Text which is coloured and struck through represents deletion which will not appear in the untracked version of MAS Notice 1105 revised on 5 October 2018, which is published on MAS' website www.mas.gov.sg ("Published Version"); and
- (b) Text which is coloured and underlined represents insertion which will appear in the Published Version.

3 The amendments reflected in this document shall take effect on 8 October 2018.

4 This document is to be used for reference only. In the event of discrepancies between the amendments in this document and the Published Version, the Published Version shall prevail.



Monetary Authority of Singapore

**MONETARY AUTHORITY OF
SINGAPORE ACT
(CAP. 186)**

**NOTICE ON LENDING OF SINGAPORE DOLLAR TO
NON-RESIDENT FINANCIAL INSTITUTIONS**

Notice No : MAS 1105
Issue Date : 28 May 2004 (last updated on 5 October 2018)

NOTICE ON LENDING OF SINGAPORE DOLLAR TO NON-RESIDENT FINANCIAL INSTITUTIONS

MAS Notice 1105 dated 20 March 2002 is cancelled.

1 Scope

1.1 This Notice issued pursuant to section 28(3) of the Monetary Authority of Singapore Act (Cap 186) governs the lending of S\$ by merchant banks to non-resident financial institutions.

1.2 This Notice does not apply to the lending of S\$ to individuals and non-financial institutions (including corporate treasury centres).

1.3 This Notice does not permit merchant banks to engage in financial activities beyond the scope of the Guidelines for Operation of Merchant Banks or in contravention of other MAS Notices, Directions or Guidelines.

2 Definition

2.1 In this Notice:

2.1.1 “Entities” include legal entities, partnerships/firms and other forms of business vehicles.

2.1.2 “Financial institutions” means entities whose main business is in financial services, including one or more of the following:

- (a) banking
- (b) merchant banking
- (c) investment banking
- (d) financing
- (e) insurance
- (f) securities-dealing-dealing in capital market products
- (g) asset / fund management (including hedge funds)

- (h) money, futures, and prime brokering
- (i) other types of financial activity that MAS may designate in writing.

2.1.3 “Non-residents” means entities which do not fall within the definition of a resident.

2.1.4 “Residents” means:

- (a) companies which are at least 50% owned by Singapore citizens;
or
- (b) the following financial institutions in Singapore which are subject to MAS Notices [109, 757, 816, 1105](#) or [SFA 04-N04](#) ~~on “Lending of Singapore Dollar to Non-Resident Financial Institutions”~~:
 - (i) a bank licensed under the Banking Act (Cap 19);
 - (ii) a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap 186);
 - (iii) a finance company licensed under the Finance Companies Act (Cap 108);
 - (iv) a registered insurer (other than a captive insurer) under the Insurance Act (Cap 142); and
 - (v) ~~and~~ a person holding a capital markets services licence to carry on a business of dealing in [capital market products that are securities, units in a collective investment scheme or securities-based derivatives contracts](#) ~~securities~~ under the Securities and Futures Act (Cap 289).

2.1.5 “S\$ credit facilities” include loans, contingent credit lines and foreign exchange swaps involving a sale of S\$ to a non-resident financial institution in the first leg of the transaction.

3 S\$ Credit Facilities

3.1 Merchant banks may lend S\$ to non-resident financial institutions for any purpose whether in Singapore or elsewhere as long as the aggregate S\$ credit facilities do not exceed S\$5 million per entity¹.

3.2 For the amounts exceeding S\$5 million per entity, the following conditions apply:

- (a) Where the S\$ proceeds are to be used outside Singapore, merchant banks shall ensure that the S\$ proceeds are swapped or converted into foreign currency upon draw-down.
- (b) Notwithstanding paragraph 3.2(a), merchant banks may extend temporary S\$ overdrafts of any amount to vostro accounts of non-resident financial institutions for the purpose of preventing settlement failures. However, merchant banks must take reasonable efforts to ensure that the overdrafts are covered within two business days.
- (c) Notwithstanding paragraph 3.2(a) and (b), merchant banks shall not extend S\$ credit facilities to non-resident financial institutions if there is reason to believe that the S\$ proceeds may be used for S\$ currency speculation.

3.3 Merchant banks are required to report to MAS, monthly, their aggregate outstanding S\$ lending to non-resident financial institutions in the format in Appendix 1. A nil return is required. All information required in Appendix 1 shall be submitted to the Monetary Management Division, MAS no later than 10 working days after the reporting month. Merchant banks shall keep documentary evidence supporting these S\$ credit facilities for audit and inspection purposes.

4 S\$ Equity and Bond Issuance

¹ For financial institutions seeking to obtain S\$ credit facilities, each subsidiary is considered a separate entity while the Head Office and all overseas branches are collectively regarded as one entity.

4.1 Merchant banks may arrange S\$ equity or bond issues for non-resident financial institutions. If the S\$ proceeds are to be used outside Singapore, they shall be swapped or converted into foreign currency before remitting abroad.

5 Consultation Procedure

5.1 Should merchant banks need to consult MAS, they may write to:

Monetary Management Division, MAS
10 Shenton Way, MAS Building
26th Floor
Singapore 079117
Fax: 62299491
Email: sgddiv@mas.gov.sg

* Endnotes on History of Amendments

1. MAS Notice 1105 (Amendment) 2018 with effect from 8 October 2018.

APPENDIX 1

OUTSTANDING S\$ CREDIT FACILITY (To be submitted online)

AS AT END OF (month)

Name of Merchant Bank _____ Merchant Bank Code _____

Officer-in-charge _____ (Tel) _____

S\$ CREDIT FACILITIES

Non-Resident Financial Institution	Outstanding Amount (S\$m)
In Singapore	
Outside Singapore	
Total	