

## **GUIDELINES FOR THE COMPUTATION OF MINIMUM CASH BALANCE**

Pursuant to Section 31 (1) (f) of the Finance Companies Act, each finance company in Singapore is required to maintain minimum cash balances (MCB) with the Monetary Authority of Singapore.

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2 The current level of MCB to be maintained is 3% of the finance company's liabilities base. The liabilities base for the maintenance of MCB will be the average of the finance company's eligible liabilities during a two-week period beginning on a Thursday and ending on a Wednesday (called the computation period). The required MCB must be maintained with the Authority for a corresponding fortnight (called the maintenance period) which begins on the third Thursday following the end of the computation period.

3 Finance companies are required to submit a statement to the Finance Department showing the computation of the MCB to be maintained with the Authority in the format shown at Annex I. The statement should reach the Finance Department by the second Wednesday following the end of the computation period. If a finance company has to increase its reserves with the Authority, a cheque for the additional amount should accompany the statement.

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