

Directive 5 (Amendment) 2005

11 March 2005

DIRECTIVES TO MERCHANT BANKS

Provision for Bad and Doubtful Debts

5(1) Every merchant bank shall make provision for bad and doubtful debts and before any profit or loss or dividend on its shares is declared, ensure that provision is adequate.

5(2) The Authority may if it thinks fit require a merchant bank to maintain a general provision for bad and doubtful debts¹ in Singapore in addition to the specific provision² already maintained by that merchant bank.

5(3) MAS Notice 1005 provides that in the case of a merchant bank incorporated outside Singapore, the general provision for bad and doubtful debts may be determined and maintained at the head office. However, such a merchant bank shall maintain specific provision in Singapore for any bad and doubtful debt in respect of the operations of its branch or office in Singapore.

¹ Referred to in MAS Notice 1005 as collective impairment provisions for groups of similar loans.

² Referred to in MAS Notice 1005 as individual impairment provisions.