

**MAS 757**

28 May 2004

**NOTICE TO BANKS**  
**BANKING ACT, CAP 19**

MAS Notice 757 dated 20 March 2002 is cancelled

**Lending of Singapore Dollar to Non-Resident Financial Institutions**

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**1 Scope**

1.1 This Notice issued pursuant to section 55 of the Banking Act (Cap 19) governs the lending of S\$ by 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 banks to engage in financial activities beyond the scope of their licences or in contravention of the Banking Act or other MAS Notices, Directions or Guidelines.

**2 Definitions:**

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
- (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 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) a person holding a capital markets services licence to carry on a business of dealing in 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 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 entity<sup>1</sup>.

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, banks shall ensure that the S\$ proceeds are swapped or converted into foreign currency upon draw-down.
- (b) Notwithstanding paragraph 3.2(a), 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, banks must take reasonable efforts to ensure that the overdrafts are covered within two business days.
- (c) Notwithstanding paragraphs 3.2 (a) and (b), 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.

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<sup>1</sup> 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.

3.3 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. Banks shall keep documentary evidence supporting these S\$ credit facilities for audit and inspection purposes.

#### **4 S\$ Equity and Bond Issuance**

4.1 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 banks need to consult MAS, they may write to:

Monetary Management Division, MAS  
10 Shenton Way, MAS Building  
26<sup>th</sup> Floor  
Singapore 079117  
Fax: 62299491  
Email: [sgddiv@mas.gov.sg](mailto:sgddiv@mas.gov.sg)

**OUTSTANDING S\$ CREDIT FACILITY (To be submitted online)****AS AT END OF (month)**

Name of Bank \_\_\_\_\_ Bank Code \_\_\_\_\_

Officer-in-charge \_\_\_\_\_ (Tel) \_\_\_\_\_

**S\$ CREDIT FACILITIES**

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