

Cir No.: FSG 33/98

Date: 14 Apr 1998

To the Chief Executive Officers of All Finance Companies

Dear Sir/Madam

**MAS NOTICE 806 TO FINANCE COMPANIES - MINIMUM CASH
BALANCES AND MINIMUM LIQUID ASSETS**

The minimum cash balance (MCB) maintained by finance companies with the Authority will be reduced from 6% to 3% of liabilities base with effect from 17 Dec 98. In addition, with effect from the same date, the minimum liquid assets which finance companies are required to hold is raised from 10% to 13% of liabilities base. The composition of liquid assets is also amended such that:-

- a. Singapore Government Securities (SGS) held under overnight repurchase agreements with banks in Singapore, and approved primary and registered dealers in SGS shall not exceed 5% of liabilities base;
- b. bills of exchange in Singapore dollars which qualify as liquid assets in accordance with paragraph 2(d) of MAS Notice 806, shall not exceed 4% of liabilities base; and
- c. the aggregate of items (a) and (b) above shall not exceed 8% of liabilities base.

2 MAS Notice 806 dated 20 Apr 87 is modified with effect from 17 Dec 98 to the extent stated in this circular.

3 Please contact Mrs Jeng Hong Kian (tel: 62299232) or Miss Menon Vijayalakshmi (tel: 62299231) if you have any queries.

Yours faithfully

THARMAN SHANMUGARATNAM
DEPUTY MANAGING DIRECTOR
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