

# **Banking Regulations 2001**

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**No. S 347**

**BANKING ACT  
(CHAPTER 19)**

**BANKING REGULATIONS 2001**

In exercise of the powers conferred by sections 4A, 4B, 32(5), 35(1), 47(10) and 78(1) of the Banking Act, the Monetary Authority of Singapore hereby makes the following Regulations:

**PART I**

**PRELIMINARY**

**Citation and commencement**

**1.** These Regulations may be cited as the Banking Regulations 2001 and shall come into operation on 18th July 2001.

**Definitions**

**2.** In these Regulations, unless the context otherwise requires —

“credit derivative” means any swap, option or other financial derivative the purpose of which is to secure a profit or avoid a loss by reference to the performance by a third party of certain specified obligations or to the change in creditworthiness of the third party;

“customer”, in relation to a merchant bank, includes the Authority or any monetary authority or central bank of any other country or territory, but does not include any company which carries on merchant banking business, investment banking business or banking business, or such other financial institution as may be designated by the Authority by notice in writing;

“customer information”, in relation to a merchant bank, means —

- (a) any information relating to, or any particulars of, an account of a customer of the merchant bank, whether the account is in respect of a loan, investment or any other type of transaction, but does not include any information that is not referable to any named customer or group of named customers; or
- (b) deposit information;

“deposit information”, in relation to a merchant bank, means any information relating to —

- (a) any deposit of a customer of the merchant bank;
- (b) funds of a customer under management by the merchant bank; or
- (c) any safe deposit box maintained by, or any safe custody arrangements made by, a customer with the merchant bank,

but does not include any information that is not referable to any named person or group of named persons;

“funds of a customer under management” means any funds or assets of a customer (whether of the merchant bank or any financial institution) placed with that merchant bank for the purpose of management or investment; “merchant bank” means a merchant bank approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);

“NCD” means negotiable certificate of deposit;

“overseas bank” means a company incorporated, formed or established outside Singapore which carries on banking business only outside Singapore and is not licensed under the Act;

“place of booking”, in relation to a bond or an NCD issue, means the jurisdiction in which the branch or office of the issuer which is issuing the bond or NCD, as the case may be, is located;

“prohibited business” has the same meaning as in section 32(7) of the Act;

“property corporation” means any body corporate where —

- (a) more than 50% of the total turnover of the body corporate is derived from property-related activities; or
- (b) more than 50% of the total assets of the body corporate comprises interests in or rights over immovable property situate in Singapore, other than such immovable property or any part thereof which is used —
  - (i) as premises for the conduct of any business carried on by the body corporate;
  - (ii) for the business of a hotel or hostel; or
  - (iii) for community, charity or educational purposes;

“property-related activities” means —

- (a) the construction of or the causing of the construction of any building on, over or under land in Singapore for the purpose of sale by the person carrying out or causing such construction, of any right or interest in the land which would be appurtenant to such building, other than a building or part thereof constructed for use —
  - (i) for the business of a hotel or hostel; or
  - (ii) for community, charity or educational purposes;
- (b) the acquisition or holding of any interest in or right over immovable property situate in Singapore for the purposes of rental, or for the purposes of securing a profit from its sale, other than such immovable property or part thereof —
  - (i) used or to be used by the person acquiring or holding the immovable property for occupation by himself or members of his family or as premises for any business carried on by him;
  - (ii) used or to be used for the business of a hotel or hostel; or
  - (iii) used or to be used for community, charity or educational purposes;
- (c) the financing of any activity referred to in paragraph (a) or (b);
- (d) the making of loans to any property corporation;

- (e) the acquisition or holding as beneficial owner of shares or debentures issued by any property corporation; and
- (f) the acquisition or holding as beneficial owner of debentures the payment of principal or interest on which is contingent, directly or indirectly, on the turnover, profits or cashflow from any activity under paragraph (a), (b), (c), (d) or (e);

“property sector exposure”, in relation to a bank in Singapore, means the aggregate of —

- (a) amounts outstanding to the bank under credit facilities granted to any property corporation or to any related corporation of a property corporation for use by the property corporation;
- (b) amounts outstanding to the bank under credit facilities granted to any person other than a property corporation —
  - (i) in the case where such person is a corporation, for the purpose of financing or facilitating the property-related activities of that person or its related corporations; and
  - (ii) in any other case, for the purpose of financing or facilitating the property-related activities of that person;
- (c) amounts of debentures beneficially held by the bank and issued by any property corporation;
- (d) amounts of debentures beneficially held by the bank and issued by any person other than a property corporation, where the payment of principal or interest is contingent, whether in whole or in part, on the turnover, profits or cashflow from any property-related activity;
- (e) amounts paid by the bank for securities transferred to it pursuant to a repurchase transaction between the bank and a property corporation, on terms that require the future transfer of equivalent securities by the bank to the property corporation;
- (f) amounts of contingent liabilities incurred by the bank —
  - (i) in respect of any obligation of a property corporation; or
  - (ii) in respect of any obligation of any other person, where such obligation is undertaken in connection with property-related activities;