

Banking (Merchant Banks) Regulations 2021

Table of Contents

Enacting Formula

Part 1 PRELIMINARY

1 Citation and commencement

2 Definitions

Part 2 RESTRICTIONS ON ACCEPTANCE OF DEPOSIT OR BORROWING MONEY IN SINGAPORE DOLLARS

3 Prescribed person under section 55U(1)(a)(i) of Act

Part 3 PRESCRIBED BUSINESSES UNDER SECTION 55V(1)(d) OF ACT

4 Purpose of this Part

5 Definitions of this Part

6 Prescribed business relating to property management and property enhancement

7 Prescribed alternative financing business

8 Prescribed purchase and sale business

9 Prescribed inter-bank purchase and sale business

10 Prescribed leasing business

11 Prescribed joint purchase and periodic sale business

12 Prescribed purchase and sale business at spot price

13 Prescribed procurement business

14 Prescribed private equity or venture capital business

15 Prescribed related or complementary business

16 Prescribed related or complementary business that is non-revenue generating, etc.

Part 4 EXEMPTIONS FROM OBTAINING APPROVAL FOR ACQUISITION OR HOLDING OF MAJOR STAKES IN ENTITIES

17 Disapplication of section 32 of Act to entity carrying on private equity or venture capital business

18 Disapplication of section 32 of Act to entity carrying on business under section 55V(1)(a), (b) or (c) of Act, etc.

19 Disapplication of section 32 of Act to subsidiary acquired or held to segregate risks from carrying on business in regulation 15

Part 5 COMPUTATION OF MAJOR STAKES

20 Meaning of "affiliated entity"

21 Holding by affiliated entity treated as holding by merchant bank

22 Affiliated entity over which the merchant bank has no effective control

Part 6 LIMITATION OF MUTUAL SHAREHOLDINGS

23 Definitions of this Part

24 Limitation of mutual shareholdings

25 Qualified major stake entity over which merchant bank has no effective control

26 Offences, penalties and defences

27 Grace period for mutual shareholdings

Part 7 EXPOSURE TO IMMOVABLE PROPERTY SECTOR

28 Definitions of this Part

29 Meaning of "property sector exposure"

30 Property sector exposure limit

31 Submission of returns

Part 8 TRANSFER OF BUSINESS AND SHARES AND RESTRUCTURING OF MERCHANT BANK

32 Particulars to be published

Part 9 DEPOSIT LIABILITIES OF MERCHANT BANK

33 Liabilities included in deposit liabilities of merchant bank

34 Liabilities not included in deposit liabilities of merchant bank

Part 10 MISCELLANEOUS

35 Definition of subsidiary in section 48AA of Act

36 Prescribed appointment for merchant bank incorporated in Singapore

37 Prescribed appointment for branches and offices of merchant bank incorporated outside Singapore

38 Maximum term of chairman of merchant bank incorporated in Singapore

39 Risk management of merchant bank

FIRST SCHEDULE Information for quarterly reports to be submitted by Merchant Bank in Singapore

SECOND SCHEDULE Annual Reporting for section 35 of Banking Act, as applied by section 55ZF(3) of Banking Act

No. S 472

**BANKING ACT
(CHAPTER 19)**

**BANKING
(MERCHANT BANKS)
REGULATIONS 2021**

In exercise of the powers conferred by sections 76A(1) and 78 of the Banking Act, the Monetary Authority of Singapore makes the following Regulations:

PART 1

PRELIMINARY

Citation and commencement

1. These Regulations are the Banking (Merchant Banks) Regulations 2021 and come into operation on 1 July 2021.

Definitions

2.—(1) In these Regulations, unless the context otherwise requires —

“Accounting Standards” has the meaning given by section 4(1) of the Companies Act (Cap. 50);

“group”, in relation to a corporation, means a group within the meaning of the Accounting Standards, of which the corporation is a part;

“liabilities”, in relation to the policies of an insurance fund maintained by an insurer, means the liabilities and expenses of the insurer that are attributable to the business to which the insurance fund relates, but excludes any levy payable by that insurer under section 37 of the Deposit Insurance and Policy Owners’ Protection Schemes Act (Cap. 77B);

“major stake” has the meaning given by section 55ZF(2) of the Act;

“merchant bank group”, in relation to a merchant bank incorporated in Singapore, means a group of entities comprising —

- (a) the merchant bank;
- (b) every subsidiary of the merchant bank;
- (c) every branch of the merchant bank; and
- (d) every other entity that is treated as part of the merchant bank’s group of entities for accounting purposes in accordance with the Accounting Standards.

(2) For the purposes of these Regulations, a company is a wholly-owned subsidiary of a merchant bank in Singapore if the sole member of the company, or the only person holding any ownership interest in the company, is the merchant bank.

PART 2

RESTRICTIONS ON ACCEPTANCE OF DEPOSIT OR BORROWING MONEY IN SINGAPORE DOLLARS

Prescribed person under section 55U(1)(a)(i) of Act

3.—(1) For the purpose of section 55U(1)(a)(i) of the Act, each of the following is a prescribed person from whom a merchant bank in Singapore may accept any deposit in Singapore dollars or otherwise borrow any money in Singapore dollars:

- (a) a bank;
- (b) a finance company licensed under the Finance Companies Act (Cap. 108);
- (c) a shareholder of the merchant bank in Singapore;
- (d) a company controlled by any shareholder of the merchant bank in Singapore.