

Banking (Amendment) Regulations 2011

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No. S 56

BANKING ACT (CHAPTER 19)

BANKING (AMENDMENT) REGULATIONS 2011

In exercise of the powers conferred by sections 30(1)(d), 32(5) and 78(1) of the Banking Act, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Banking (Amendment) Regulations 2011 and shall come into operation on 14th February 2011.

Deletion and substitution of heading of Part III

2. Part III of the Banking Regulations (Rg 5) is amended by deleting the Part heading and substituting the following Part heading:

**“EXCLUSION OF CERTAIN INVESTMENTS
AND WHOLLY-OWNED SUBSIDIARIES”.**

New regulation 7A

3. The Banking Regulations are amended by inserting, immediately after regulation 7, the following regulation:

“Exclusion of wholly-owned subsidiaries of bank held primarily for segregating risks arising from carrying on business prescribed in regulation 23G

7A.—(1) Subject to paragraph (2), the Authority hereby excludes from the operation of section 32 of the Act any wholly-owned subsidiary of a bank in Singapore acquired or held primarily for the purpose of segregating risks that arises from the carrying on of any business prescribed in regulation 23G(1) so as to prevent such risks from affecting the financial soundness and stability of the bank.

(2) The exclusion under paragraph (1) of any wholly-owned subsidiary of a bank in Singapore from the operation of section 32 of the Act applies if, and only if —

- (a) the bank has an agreement with the wholly-owned subsidiary to allow the Authority and any person appointed by the Authority, at any time, to obtain any information from the wholly-owned subsidiary and to inspect the books of the wholly-owned subsidiary;
- (b) where the wholly-owned subsidiary is a financial institution regulated by an overseas regulatory authority, the bank is satisfied, from its own due diligence or from having taken professional advice, that the Authority and any person appointed by the Authority are not prohibited from obtaining any information from, or inspecting the books of, the wholly-owned subsidiary; and
- (c) the bank ensures that the wholly-owned subsidiary of the bank carries on its business in a manner that satisfies such conditions relating to the operations or activities of the wholly-owned subsidiary as the Authority may impose, from time to time, by notice in writing.

(3) For the purpose of this regulation, a company is a wholly-owned subsidiary of a bank if none of the members of the company, or none of the persons holding any ownership interest in the company, is a person other than the bank.”.

New regulation 23G

4. The Banking Regulations are amended by inserting, immediately after regulation 23F, the following regulation:

“Prescribed related or complementary business

23G.—(1) For the purposes of section 30(1)(d) of the Act and subject to paragraphs (2) to (8), a business which fulfils the following criteria is prescribed as a business that any bank in Singapore may carry on, or enter into any partnership, joint venture or any other arrangement with any person to carry on:

- (a) the business is related or complementary to any of the core financial business which is carried on by the bank;
- (b) the business is being carried on by a regulated financial institution in any jurisdiction and is permitted —
 - (i) under the laws of that jurisdiction; and
 - (ii) by the supervisory authority of that regulated financial institution;
- (c) the business is permitted to be carried on by the bank —
 - (i) under the laws of the home jurisdiction of the bank; and
 - (ii) by the parent supervisory authority of the bank;
- (d) the business is not any other business prescribed for the purposes of section 30(1)(d) of the Act or approved under section 30(1)(e) of the Act; and
- (e) the business is not any of the following types of business:
 - (i) property development, not including the property-related businesses prescribed in regulation 21;
 - (ii) manufacturing or selling of consumer goods;
 - (iii) provision of hotel and resort facilities;
 - (iv) property management of properties not held by the bank or any of its major stake companies;
 - (v) owning, operating or investing in facilities for the extraction, transportation, storage or distribution of commodities; and

- (vi) owning, operating or investing in facilities for processing, refining or otherwise altering commodities.

(2) A bank in Singapore may carry on any business prescribed in paragraph (1) if, and only if —

- (a) the bank has appropriate policies and procedures, including well-defined risk management policies on financial and non-financial exposures and risk concentrations, and staff with the expertise to manage the business;
- (b) where the bank is a bank incorporated outside Singapore or is a foreign-owned bank incorporated in Singapore with no experience in carrying on the business in its head office or parent bank, it has obtained the prior written approval of its head office or parent bank (as the case may be), and its parent supervisory authority, to carry on the business; and
- (c) any equity investment in a company acquired or held by the bank arising from the business —
 - (i) is not intended to be held by the bank for more than 7 years; or
 - (ii) is not intended to be held by the bank for the purpose of allowing the bank to participate in or make any management decisions for the company,unless the company is a wholly-owned subsidiary of the bank acquired or held primarily for the purpose of segregating risks that arises from the carrying on of the business so as to prevent such risks from affecting the financial soundness and stability of the bank.

(3) A bank in Singapore shall, when carrying on any business prescribed in paragraph (1), limit the Aggregate Size of all such businesses —

- (a) where the bank is incorporated in Singapore, to —
 - (i) 15% of its capital funds or such other percentage as the Authority may approve in any particular case (where applicable); and
 - (ii) 15% of the capital funds of its banking group or such other percentage as the Authority may approve in any particular