RESPONSE TO FEEDBACK RECEIVED

30 July 2019

Amendments to Banking Regulations and Banking (Corporate Governance) Regulations

MAS
Monetary Authority of Singapore

Contents

1 Preface

1.1 On 7 February 2017, MAS consulted on the proposed amendments to the Banking Regulations and Banking (Corporate Governance) Regulations in relation to the Banking (Amendment) Act 2016. MAS had on 12 August 2014 also consulted on the proposed amendments to the exemptions from restrictions on deposit-taking and solicitation, in conjunction with the proposed changes to the "accredited investor" (AI) regime in the Securities and Futures Act (SFA).

1.2 MAS thanks all respondents for their feedback to both consultations. The lists of respondents are set out in Annex A.

1.3 MAS has carefully considered the feedback received and where appropriate, has incorporated them into the revised Regulations. Feedback of wider interest, together with MAS' responses, are set out below. MAS' responses to other questions are set out in Annex B. The Banking (Amendment) Regulations 2019 and Banking (Corporate Governance) (Amendment) Regulations 2019 will take effect on 1 August 2019.

2 Amendments to Exemptions from Restrictions on Deposit-Taking and Solicitation

Retain Regulation 3A with no change in scope

2.1 **MAS sought views on whether the exemptions in Regulation 3A (Regulation 3A Exemption) should be retained and if so, the scope of such exemption.** The Regulation 3A Exemption facilitates offshore funds placements for certain private banking, custody, and payment and settlement services, by allowing the head office or parent bank of a foreign bank in Singapore to accept deposits from an AI, through its Singapore branch or subsidiary. This would otherwise be prohibited under section 4A of the Banking Act (BA).

2.2 All respondents asked for the Regulation 3A Exemption to be retained. Some respondents explained that they continued to rely on this exemption to provide a comprehensive suite of private banking, foreign investment, custody, and related services to their AI clients.

2.3 Respondents further requested that the scope of the Regulation 3A Exemption be extended to:

a) the acceptance of deposits from non-AIs such as institutional investors; and

b) the placement of deposits with other related entities overseas beyond the bank's head office or parent bank.

MAS' Response

2.4 **MAS will retain Regulation 3A Exemption but will not widen the scope of the exemption.** MAS agrees with the feedback that this exemption allows banks to offer a complementary service to their core banking business in Singapore. However, data gathered from further consultation with the banks did not support the case for broadening the scope of the exemption.

Align "Qualifying Depositor" with revised SFA eligibility criteria for AI without opt-in

2.5 **MAS proposed to align the eligibility criteria for AI in regulations 3A and 5(b) with the revised criteria[1] proposed under amendments to the SFA** and finalised in 2017[2].

2.6 **MAS also proposed not to extend the opt-in approach for AIs in the SFA to Regulation 3A Exemption and consequently, to differentiate regulation 3A depositors from AIs by re-labelling AIs as "qualifying depositors" for the purposes of the Regulation 3A Exemption.** The opt-in approach in the SFA is intended to give all investors the option to avail themselves of normal regulatory protection, regardless of income or wealth. For investment products, a non-AI investor receives more protection in the form of additional disclosure requirements and more stringent client suitability assessments. On the other hand, a bank deposit is a simple and familiar product for which non-AI status is not expected to confer more protection in areas of product knowledge and suitability[3]. Hence, there is no need to require banks to obtain positive affirmation from their clients of their AI status before they market offshore deposits to them.

2.7 Respondents supported a consistent definition of AI across the SFA and the Banking Regulations, and agreed with the proposal not to extend the opt-in approach to regulation 3A.

MAS' Response

2.8 **MAS will align the eligibility criteria for AIs with the SFA regime, but without adopting the opt-in approach.** To avoid confusion that may arise as a result of the different

[1] The amendments include the introduction of a net financial asset test for individuals who hold more than S$1 million in net financial assets to qualify as AIs, as well as an opt-in regime for AIs in the SFA, under which all investors will be treated as non-accredited unless they opt in to be an AI, having satisfied the relevant AI eligibility criteria.

[2] https://www.mas.gov.sg/publications/consultations/2014/consultation-paper-on-proposals-to-enhance-regulatory-safeguards-for-investors-in-the-capital-markets

[3] Regulation 3A requires a bank to disclose to the customer that the overseas deposit placement will not enjoy Singapore's regulatory protection for deposits here such as deposit insurance.

approaches under the SFA and the Banking Regulations, reference to "AI" in regulation 3A will be amended to refer to "qualifying depositor".

2.9 **For consistency, MAS will also be amending regulation 5(b) of the Banking Regulations to align the exclusion criteria with the corresponding amended definition of an AI under the SFA.** Specifically, the revised regulation 5(b) will exclude from the deposit-taking restriction under section 4A of the BA, monies that have been paid by or on behalf of, a person whose total net personal assets exceed S$2m, net financial assets exceed S$1m, or annual income is not less than S$300,000. In addition, the net equity in an individual's primary residence can only contribute up to S$1m of the minimum total net personal assets of S$2m.

3 New Regulation 35 on Risk Management of Bank

3.1 **MAS proposed a new regulation to give effect to the revised section 78 of the BA, which empowers MAS to prescribe risk management control standards for banks**. Regulation 35[4] requires a bank to implement, and ensure compliance with, effective written policies on all its operational areas, in a manner that is commensurate with the nature, scale and complexity of its business.

3.2 Respondents agreed with the objectives of the new regulation but sought more clarification on compliance with the requirements and the relationship between the new regulation and the existing guidelines on risk management.

MAS' Response

3.3 **MAS will adopt a holistic approach in assessing compliance with regulation 35.** A bank will be in breach of the regulation when its internal controls are assessed to be inadequate to mitigate risks arising from its activities.

3.4 **In consideration of feedback received, MAS has revised regulation 35 to clarify our intent and its scope of application, and to minimise overlaps between sub-paragraphs.** The changes are set out in the table below.

Proposed regulation in consultation	Revised regulation
34.—(1) A bank must, in a manner that is commensurate with the nature, scale and complexity of its business —	**35.—(1)** A bank must, in a manner that is commensurate with the nature, scale and complexity of its business —

[4] The proposed regulation was originally regulation 34 in the consultation paper.

(a) implement, and ensure compliance with, effective written policies on all operational areas of the bank, including the bank's financial policies, accounting and internal controls, and internal auditing; (b) put in place compliance function and arrangements including specifying the roles and responsibilities of officers and employees of the bank in helping to ensure its compliance with all applicable laws, codes of conduct and standards of good practice, and reduce the bank's risk of incurring legal or regulatory sanctions that may be imposed by the Authority or any other public authority, financial loss, and reputational damage; (c) identify, address and monitor the risks associated with the business activities of the bank; (d) ensure that the business activities of the bank are subject to adequate compliance checks and internal audit; (e) ensure that the internal audit of the bank includes inquiring into the bank's compliance with all relevant laws and rules governing the bank's operations; (f) ensure that there are sound risk management processes and operating procedures that integrate prudent risk limits with appropriate risk management systems for identifying, measuring, evaluating, monitoring, reporting and controlling risks; (g) set out in writing the limits of the discretionary powers of each officer, committee, sub-committee or other group of persons of the bank empowered to commit the bank to any financial undertaking or to expose the bank to any business risk (such as financial, operational or reputational risk); (h) keep a written record of the steps taken by the bank to monitor compliance with its policies, its accounting and operating	(a) implement effective internal controls to regularly identify, measure, evaluate, monitor, report and control risks associated with the business activities of the bank; (b) ensure that compliance of the bank with the internal controls mentioned in sub-paragraph (*a*) is audited by an internal audit process of the bank; (c) where any officer, committee, sub-committee or group of persons has a discretionary power to commit the bank to any financial undertaking or to expose the bank to any business risk — (i) establish limits on the discretionary power that are appropriate, having regard to the business activities of the bank; and (ii) set out the limits mentioned in sub-paragraph (i) in writing; (d) keep documentation sufficient to demonstrate — (i) compliance by the bank with the internal controls mentioned in sub-paragraph (a); and (ii) compliance by each officer, committee, sub-committee or group of persons who has a discretionary power with the limits mentioned in sub-paragraph (c)(i). (2) Any bank which contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $250,000 and, in the case of a continuing offence, to a further fine of $25,000 for every day or part of a day during which the offence continues after conviction.

procedures, and the limits on discretionary powers; (i) ensure the accuracy, correctness and completeness of any report, book or statement submitted by the bank to the Authority; and (j) ensure effective controls and segregation of duties to mitigate potential conflicts of interest that may arise from the operations of the bank. (2) Any bank which contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $250,000 and, in the case of a continuing offence, to a further fine of $25,000 for every day or part of a day during which the offence continues after conviction.	

4 Proposed Regulation on Statement of Credit Facilities and Exposures of Bank to Prescribed Person

List of persons subject to requirements on related party transactions in the BA in place of the proposed Regulation 35

4.1 **MAS proposed a new regulation to prescribe "senior management group" as a class of persons to be covered under the reporting requirements in section 27 of the BA for related party transactions (RPT).**[5] The proposed regulation would complement MAS Notice 643 in ensuring that a bank's transactions with its related parties, including persons in its senior management group, are conducted free of conflicts of interest and at arm's length.

4.2 **MAS is moving the implementation date of Notice 643 from 21 November 2018 to 1 October 2020**. This is in response to banks' requests for more time to make system changes and obtain necessary approvals from their senior management, as well as to align the

[5] Section 27 of the BA requires banks to submit quarterly statements on their credit facilities and exposures to, and transactions with, specified persons including any person in a director group, substantial shareholder group or financial group.

implementation timeline with the upcoming BA amendments and revised large exposure requirements for Singapore-incorporated banks.

4.3 **On account of the revised implementation timeline for Notice 643, MAS will no longer be prescribing "senior management group" in the Banking Regulations.** The list of persons who are subject to MAS' RPT and reporting requirements will be consolidated in the BA, and will take effect on 1 October 2020.[6]

4.4 **Nevertheless, MAS has noted industry's feedback on the proposed definition of "senior management group" and made further revisions to address the feedback, as elaborated in the paragraphs below.** These revisions will be included in the upcoming round of BA amendments targeted for implementation in October 2020, as well as the revised Notice 643, which is slated for issuance in 3Q 2019.

Revise the definition of "senior management group" in the upcoming BA amendments and revised Notice 643

4.5 **Respondents sought clarification on the proposed definition of "senior management".** Two respondents suggested that "senior management" should be defined based on roles and responsibilities rather than job titles. Respondents also suggested that the reporting requirements be restricted to material transactions and persons based in Singapore.

MAS Response

4.6 **MAS will replace "senior management" with "executive officer" to better clarify the scope of application.** "Executive officer" is an existing term that is defined in the BA and used in other MAS-administered legislation. Its definition is aligned with our policy intent on the persons to be considered as senior management and corresponds to the industry's broad understanding of senior management.

4.7 **In addition, MAS will place "employees with significant credit approval responsibilities" who were originally included under the proposed definition of "senior management" into a new category of "key credit approvers".** A key credit approver will be defined as any person who, whether singly or jointly with any other person or persons, has the highest level of authority to approve credit facilities that will be reflected in the balance-

[6] MAS consulted on the proposed amendments to section 27, section 29 and Fifth Schedule of the Banking Act on 7 February 2019 (see link to consultation paper).

sheet or profit and loss accounts of the bank in Singapore or any branch or entity in its bank group.[7]

4.8 The revised definition allows banks to work within their respective credit approval frameworks and reporting structures, and strikes a balance between guarding against key RPT risks and managing regulatory compliance to avoid over-capturing bank employees.

5 Guidance on Documentary Evidence on the Use of Immovable Property

5.1 **MAS proposed amendments to the definition of "property-related activities" in regulation 2 to require banks to obtain documentary evidence on owner-occupation or business use of immovable properties, for the purposes of excluding such properties from the property-related exposure limit prescribed under regulation 8**. Specifically, banks would need to obtain documents to verify that the immovable property in Singapore is for occupation by the person acquiring or holding the immovable property, for occupation by the person's family member or for use as premises for any business carried on by the person.

5.2 Four respondents have sought clarification on the type of documentation that may be acceptable for this purpose.

MAS Response

5.3 **MAS acknowledges industry's feedback that there may be operational challenges in obtaining the documentary evidence at the point of loan approval, particularly for housing loans granted for the purchase of residential properties which are still under construction. In place of regulations, MAS will provide guidance** to banks on the reasonable steps they should take to follow up with borrowers after loan disbursement to obtain proof that they are using the properties for owner-occupation.

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[7] For banks incorporated outside Singapore, the scope of "key credit approver" is confine to persons taking part in the operations of the branches located within Singapore of the bank on a day-to-day basis.

Annex A

LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON PROPOSED AMENDMENTS TO THE EXEMPTIONS FROM RESTRICTIONS ON DEPOSIT-TAKING AND SOLICITATION

1. Allen & Gledhill, on behalf of
    a. ABN AMRO Bank
    b. Bank Morgan Stanley
    c. Barclays Bank
    d. Citibank N.A.
    e. Coutts & Co Ltd
    f. Credit Suisse
    g. Deutsche Bank
    h. JPMorgan Chase Bank
    i. Standard Chartered Bank (Singapore)
    j. Standard Chartered Bank
    k. HSBC
    l. UBS
2. Barclays Bank
3. BSI Bank
4. Citibank
5. Citibank Singapore
6. Credit Suisse
7. JPMorgan Chase
8. Standard Chartered Bank
9. State Street Bank and Trust Company

LIST OF RESPONDENTS TO THE CONSULTATION PAPER ON AMENDMENTS TO BANKING REGULATIONS & BANKING (CORPORATE GOVERNANCE) REGULATIONS

1. ABN AMRO Bank
2. Association of Banks in Singapore
3. BNP Paribas
4. DBS
5. Great Eastern Holdings
6. Hong Leong Finance
7. HSBC Group
8. Macquarie
9. OCBC
10. Standard Chartered Bank
11. State Street Bank and Trust Company
12. UOB

9 respondents requested that their identity be kept confidential

Annex B

MAS' RESPONSE TO OTHER QUESTIONS ON PROPOSED AMENDMENTS TO THE EXEMPTIONS FROM RESTRICTIONS ON DEPOSIT-TAKING AND SOLICITATION

Respondent Feedback	Response
Scope of the Regulation 3A Exemption: • **whether deposits from other persons should be exempted; and** • **whether there is a need for deposits to be accepted by foreign-related entities that are not the head office or parent bank of a bank or merchant bank in Singapore and, if so, whether these entities should be exempted as well.**	
One respondent suggested that the definition of "AI" be expanded to include special purpose vehicles (SPV) that are set up by corporates deliberately to hold assets, separate from the group.	The definition of a "qualifying depositor" will be aligned with that for an AI as set out in *Response to Feedback Received – Proposals to Enhance Regulatory Safeguards for Investors in the Capital Markets* issued in September 2015. An SPV that is wholly owned by AIs will fall within the definition of "AI" under the "look-through" approach.
Proposal not to extend the opt-in approach for AIs in the SFA to the Regulation 3A Exemption	
One respondent sought clarification on whether an AI who elected to be treated as a retail investor under the SFA would still be a qualifying depositor for the purposes of the regulation 3A Exemption.	Yes, all customers who meet the eligibility criteria as defined will be considered qualifying depositors, regardless of their status under the SFA.
Proposal to align with the definition of "AI" in the SFA and re-label "AI" as "qualifying depositor" in regulation 3A	
One respondent sought clarification on the verification and valuation of the net equity of an individual's primary residence, including cases of joint or co-ownership.	Per *Response to Feedback Received – Proposals to Enhance Regulatory Safeguards for Investors in the Capital Markets* issued in September 2015, MAS does not prescribe the methodology for the valuation of an individual's primary residence. FIs should obtain independent documentary proof to ascertain an individual's primary residence, such as the place of residence indicated on an individual's identity card. General property laws apply in determining an individual's share in a jointly-owned property.

Respondent Feedback	Response
One respondent asked whether individuals who hold joint accounts with qualifying depositors could be treated as "qualifying depositors" in respect of the deposits in the said joint accounts.	Individuals who hold joint accounts with qualifying depositors will be treated as qualifying depositors in respect of the deposits in the said joint accounts.
One respondent suggested that the definition of "qualifying depositor" be widened to include: • corporations whose ultimate shareholders are all qualifying depositors, even though not all immediate shareholders are qualifying depositors; • investment holding companies whose nominee shareholders are qualifying depositors; • corporations majority owned or controlled by qualifying depositors and corporations; and • the trustee of any trust in which the beneficiary or settlor is a qualifying depositor.	In the *Response to Feedback Received – Proposals to Enhance Regulatory Safeguards for Investors in the Capital Markets* issued in September 2015, MAS clarified that: • a corporation will be deemed a qualifying depositor if all of its ultimate shareholders are qualifying depositors; • an investment holding company will be considered a qualifying depositor if all the beneficial owners are qualifying depositors; • a corporation that is majority owned or controlled by qualifying depositors will not qualify as a qualifying depositor unless it satisfies the net assets test or all of its ultimate shareholders are qualifying depositors; and • the trustee of the trust will be considered a qualifying depositor if all beneficiaries of the trust are qualifying depositors, or where the settlors of the trust retains some equitable interest in the trust assets after the constitution of the trust.
Proposed modification of the net assets AI eligibility criterion under regulation 5(b)	
One respondent suggested that the scope of regulation 5 should not be limited to individuals and corporations but extended to all AIs and institutional investors.	The application of regulation 5 already extends beyond individuals and corporations. "Person" and "company" are defined broadly in the BA to respectively include corporations and both incorporated and unincorporated entities.

MAS' RESPONSE TO OTHER QUESTIONS ON AMENDMENTS TO BANKING REGULATIONS AND BANKING (CORPORATE GOVERNANCE) REGULATIONS[1]

Respondent Feedback	Response
Proposal to require banks to obtain documentation verifying the usage of immovable property (Regulation 2)	
Respondents sought clarification on –	As clarified in paragraph 5.3 of MAS' response, these requirements will be set out in guidelines instead of regulations. MAS' responses to other clarifications are provided below:
(a) Whether the requirement to verify usage of property would apply retrospectively to existing loans;	(a) Banks will need to conduct the checks for any new applications for new and refinanced property loans (whether the property loan was initially taken from the bank or another bank).
(b) Whether the required documentary evidence from *myTaxPortal* to verify that the immovable property would be occupied by the borrower needed to be obtained immediately upon the property receiving a certificate of statutory completion or temporary occupation permit.	(b) MAS acknowledges industry's feedback that there may be operational challenges in obtaining the documentary evidence at the point of loan approval, particularly for housing loans granted for the purchase of residential properties which are still under construction. MAS will issue guidance to banks on the reasonable steps they should take to follow up with borrowers after loan disbursement to obtain proof that they are using the properties for owner-occupation.
(c) Whether banks would need to monitor usage of the immovable property on an ongoing basis;	(c) While MAS does not expect banks to monitor the usage of the immovable property on an ongoing basis, where a bank obtains information from borrowers on any change in usage of a property, it must review whether the exposures would be subject to the limit under regulation 8.
(d) Whether other forms of documentary evidence, apart from an identity card issued under the National Registration Act, would be acceptable where the immovable property would be used for occupation by the borrower's family member who did not have such an identity card; and	(d) MAS will provide examples of documentary evidence that banks should collect in the guidance.

[1] MAS did not receive any substantive feedback on proposed amendments to the Banking (Corporate Governance) Regulations.

Respondent Feedback	Response
(e) Whether an immovable property would be considered as premises used for business carried out by a borrower where the borrower is a corporate entity and the property is used by its related company as premise for the related company's business.	(e) Where the borrower is a corporation, premises used by the borrower or its related corporation (as defined in section 6 of the Companies Act) for any business carried on by the borrower or its related corporation will be considered as premises for any business carried on by the borrower.
Proposal to replace "company" with "entity" as consequential amendments to section 32 of the Banking Act (Regulations 12-19)	
Respondents sought clarification on whether major stake holdings, whether held directly or indirectly by banks, in trusts (including unit trusts) or funds will be subject to section 32 of the BA and regulations 12 to 19 of the Banking Regulations.	Section 32 of the BA and regulations 12 to 19 of the Banking Regulations will not apply to banks' direct and indirect major stake holding in trusts, including unit trusts. Nonetheless, banks should not circumvent the spirit of section 32 and regulations 12 to 19 by structuring the legal form of a major stake holding as a trust.
Proposal for banks to seek MAS' approval for new places of business conducting money-changing or remittance business	
One respondent suggested that similar requirements should be applied to non-bank remittance licensees; and sought confirmation that the hosting of web-applications (e.g. online remittances) on entities which operate as payments communication platforms (e.g. payment gateways, payment processors, kiosks) would not require approval under section 12 of the BA.	Clause 14(5) of the Payment Services Bill retains the current requirement under section 11(3) of the Money-Changing and Remittance Businesses Act, for a remittance licensee to seek MAS' approval before commencing remittance business at any additional place of business. The hosting of such web-applications will not require approval under section 12 of the BA.
New regulation on risk management of bank	
Respondents sought clarification on degree of discretion in compliance with the new regulation and applicable penalties where a bank is found in breach of the regulation.	The bank may take guidance from MAS' guidelines on risk management. The bank should have in place comprehensive policies, approved by the Board or senior management, for the management of risks arising from its business activities; and, with appropriate documentation, demonstrate that it has effective internal controls to regularly identify, measure, evaluate, monitor, report and control its business risks. A bank will be in breach of the regulation when its internal controls are assessed to be inadequate to mitigate risks arising from its activities. MAS will

Respondent Feedback	Response
	consider the facts and circumstances of each case before taking any action.
Respondents sought clarification on relationship between the new regulation and existing Risk Management Guidelines.	The new regulation and the existing guidelines on risk management are complementary. The new regulation codifies MAS expectations of banks on their risk management controls and is in line with Basel Core Principles. The guidelines on risk management provide broader guidance to financial institutions on establishing sound risk management practices and controls.
Respondents sought clarification on what "good practice standards" referred to in the proposed regulation 34(1)(b).	"Standards of good practice" refer to public documents issued or endorsed by the Authority. Some examples of these would include The Singapore Guide to Conduct and Market Practices for Treasury Activities; the Private Banking Code of Conduct; papers issued by MAS such as Thematic Review of Credit Underwriting Standards and Practices of Corporate Lending Business, Guidance on AML/CFT in Trade Finance and Correspondent Banking. Nonetheless, regulation 34(1)(b) has been revised. Notwithstanding this, banks are expected to ensure that appropriate policies and procedures as well as systems and controls are in place to observe such standards, where applicable.
Respondents commented that while proposed regulations 34(1)(f) and 34(1)(g) refer to risk limits, not all risks are quantifiable.	MAS notes that some risks may not be easily quantifiable. Banks may set appropriate limits of discretionary powers, where applicable. The bank should refer to relevant industry standards such as the Basel Committee on Banking Supervision's "Principles for the Sound Management of Operational Risk" (June 2011).
Respondents sought clarification on whether "discretionary powers" applied to limits set on portfolios, customer exposures, etc.	Discretionary powers refer to the approval powers that have been granted to any officer, committee, sub-committee or group of persons, to any financial undertaking or expose the bank to any business risk. This is specified in the revised regulation.
Respondents sought clarification on the function(s) responsible for carrying out monitoring and testing, frequency of monitoring as well as documentation requirements in relation to the proposed regulation 34(1)(h).	MAS does not prescribe the specific function(s) or party(ies) carrying out such tasks. The intensity of monitoring should be commensurate with the scale, nature, risks and complexity of the activity, and changes in the operating environment.

Respondent Feedback	Response
	The bank should take guidance from the BCBS' "Framework for the Evaluation of Internal Controls", and MAS' guidelines on risk management in assessing whether the existing monitoring mechanisms are adequate.
Respondents sought clarification on the extent to which Singapore branch can rely on head office risk management framework and risk limits.	In leveraging on group-level policies and risk management, a bank should assess their appropriateness and adequacy to addressing business risks in Singapore. It remains the responsibility of the bank in Singapore to maintain a sound system of risk management and internal controls commensurate with the nature, scale and complexity of its business.
New regulation to include "senior management group" as a class of persons for which a bank must prepare quarterly statements under section 27 of the BA	
Two respondents highlighted that for foreign bank branches, employees with credit approval authority might be based outside Singapore (e.g. a regional or global head) and suggested that the reporting requirements under section 27 of the Banking Act be applied only to employees of the Singapore branch. One respondent suggested that banks should only be required to report transactions that are above a materiality threshold.	The RPT and reporting requirements are intended to mitigate the risks of a conflict of interest and abuse of position in credit transactions between the bank and its key credit approvers, wherever they are based. For banks incorporated outside Singapore, MAS will apply RPT and reporting requirements to key credit approvers who are involved in the day-to-day operations of the Singapore branch. MAS will also continue to require banks to report all transactions between the bank and its key credit approvers to capture the full extent and volume of total RPTs.
Two respondents suggested that the definition of "senior management" should not include family members, as it could make the definition too broad and could capture unintended transactions.	MAS will apply reporting requirements to the family members of executive officers and key credit approvers for more effective monitoring of RPT risk. This is consistent with the approach taken for directors for the same purpose.
One respondent commented that "senior management group" should exclude entities in which a senior officer had been nominated by the bank to serve as an executive officer, or is acting for and on behalf of the bank (e.g. by holding shares on behalf of the bank). This is because such entities' interests are aligned with the bank's, and the senior management member has no personal interest in the entities' transactions.	MAS will amend Notice 643 to clarify that the bank may regard a person as belonging to only one related party group, where that person belongs to more than one related party group. In such a case, the bank should consistently regard that person under the same related party group for the purposes of compliance with Notice 643, unless there is a change in relationship and that related party group is no longer relevant. Hence, entities where an executive officer of the bank has been nominated by the bank to serve as an executive officer, or is acting for and on behalf of the bank, need not be included in the bank's "senior

Respondent Feedback	Response
	management group" if the entity is already part of the bank's related corporation group (e.g. a subsidiary) or major stake entity group (e.g. an entity in which the bank has a major stake). Similarly, for the quarterly statements required under section 27 of the BA, the bank only need to report transactions with the related party under that one related party group that the bank decided on under Notice 643. The bank is required to provide additional qualitative information for these exposures and credit facilities in the quarterly statement, including the person's multiple relationships with the bank and the corresponding exposures and credit facilities.
One respondent commented that for banks incorporated outside Singapore, the reporting requirements should only apply to facilities given by the branch in Singapore. This is because it is difficult to monitor a borrower's credit facilities overseas.	Yes, the reporting requirements only apply to credit facilities that are booked in the Singapore branch.
Miscellaneous	
Respondents commented that the definition of "subsidiary" in section 48AA of the BA is not fully aligned with that in section 5 of the Companies Act (Chapter 50) and sought clarification on whether the definition of subsidiary extends to operations outside Singapore, even where they are not wholly owned, or are not incorporated structures.	The definition of "subsidiary" in section 48AA of the BA is crafted for the purpose intended under the section. MAS assesses a bank and its risk profile on both solo as well as consolidated group bases. The definition will extend to operations outside Singapore. This is to ensure that MAS is apprised of developments that could have a material adverse impact on the bank in Singapore in a timely manner.
Respondents sought clarification on (a) whether the requirement for the register of dealers will continue to be in Notice 753 but the requirement on the appointment of the Head of Treasury would move to the Banking Regulations. (b) scope of regulation 32 compared to MAS Notice 753 regarding the appointment of head of treasury.	The requirement for the Authority's prior approval of the appointment of Head of Treasury will be incorporated into: i. for banks incorporated in Singapore – regulation 32 of the Banking Regulations *(previously consulted as regulation 18 of the Banking (Corporate Governance) Regulations)*; and ii. for banks incorporated outside Singapore – regulation 33 of the Banking Regulations *(previously consulted as regulation 32)*.

Respondent Feedback	Response
	Accordingly, Notice 753 will be amended to remove the requirement for prior approval of the appointment of Head of Treasury. The other requirements within Notice 753 will remain. This includes the requirement to inform the Authority of any new appointment, departure or re-designation of any of its dealers within three months of the date on which the change takes effect.

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