

KnowledgeShare Alert

Dear Clients & Friends

Banking (Amendment) Act 2007 effective from 31 March 2007

Please be advised that the Banking (Amendment) Act 2007 (the “**Amendment Act**”) came into force on 31 March 2007.

The Banking Act has been amended to implement several new policies and measures so as to strengthen prudential safeguards, facilitate risk-based supervision and provide banks with greater operational flexibility.

The key changes arising from the Amendment Act include:

- Revision of methodologies for limiting large exposures and related party exposures to be in line with international best practice
- Introduction of an asset maintenance regime for foreign bank branches
- Amendment of the priority ranking in the event of a winding up of a bank to place non-bank deposit liabilities ahead of inter-bank liabilities and to rank inter-bank liabilities *pari passu* with other unsecured liabilities
- Enhancing the role of the Monetary Authority of Singapore (the “**MAS**”) in dealing with a distressed or insolvent bank
- Calibration of prudential requirements to banks’ financial strength, risk profile and risk management capabilities
- Extending the MAS’ rules on the issuance of credit cards to all credit card issuers targeting the Singapore market (whether financial institutions or not)
- Lifting the statutory reserve fund requirement
- Qualifying the restriction on the use of the word “bank” to accommodate legitimate uses
- Flexibility for the MAS to prescribe what constitutes a deposit
- Restricting the disclosure by the MAS of information furnished by banks to only non-customer information under limited circumstances
- Extending the obligation of accurate reporting to non-directors
- Empowering the MAS to direct the removal of directors of Singapore-incorporated banks

Please [click here](#) to read an article entitled “Parliament passes Banking (Amendment) Bill 2006: Towards a more responsive regulatory framework for the Singapore banking sector”, that was featured in the January 2007 issue of the Allen & Gledhill Legal Bulletin, which provides a detailed discussion of the amendments made by the Amendment Act.

Should you have any queries as to how this may affect you and your business, please do not hesitate to get in touch with your usual contact at Allen & Gledhill or any of the following:

Mark Hudspeth
Tel: +65 6890 7722
E-mail: mark.hudspeth@allenandgledhill.com

Kok Chee Wai
Tel: +65 6890 7724
E-mail: kok.cheewai@allenandgledhill.com

Francis Mok
Tel: +65 6890 7786
E-mail: francis.mok@allenandgledhill.com

Prawiro Widjaja
Tel: +65 6890 7717
E-mail: prawiro@allenandgledhill.com

Eugene Ooi
Tel: +65 6890 7708
E-mail: eugene.ooi@allenandgledhill.com

Yours faithfully
Allen & Gledhill
Singapore

Allen & Gledhill
One Marina Boulevard #28-00
Singapore 018989

Tel: +65 6890 7188
Fax: +65 6327 3800
E-mail: publications@allenandgledhill.com
Website: www.allenandgledhill.com

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