

**ANNEX III**

**FINANCIAL SERVICES  
(*NON-CONFORMING MEASURES*)  
SECTION A  
SINGAPORE**

## Section A

### Banking

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Banking
<b>Industry Classification</b>	CPC 811 Financial Intermediation Services, except insurance and pension fund services
<b>Type of Reservation</b>	Market Access for Financial Institutions
<b>Measure</b>	Banking Act, Cap. 19 MAS Notice 619 Guidelines for Operation of Wholesale Banks, Guidelines for Operation of Offshore Banks
<b>Description of Reservation</b>	Only institutions licensed or approved by the Monetary Authority of Singapore as banks and merchant banks can accept deposits.

Foreign banks may only establish as Singapore branch offices of a corporation or Singapore-incorporated companies.

#### Wholesale Banks

Wholesale banks are not permitted to:

- (a) accept Singapore dollar fixed deposits of less than S\$250,000;
- (b) offer savings accounts;
- (c) operate interest-bearing Singapore dollar current accounts for natural persons who are Singapore residents;
- (d) issue Singapore dollar bonds and negotiable certificates of deposit, unless the requirements pertaining to minimum maturity period, minimum denomination or class of investors contained in the Guidelines for Operation of Wholesale Banks issued by the Monetary Authority of Singapore and / or its successor body are complied with.

Only a maximum of 20 new Wholesale Bank licenses will be granted by the Monetary Authority of Singapore and / or its

successor body between 30 June 2001 and 30 June 2003.

### Offshore banks

Offshore banks are not permitted to:

- (a) provide credit facilities to non-bank residents of Singapore in Singapore dollars exceeding a total of S\$500 million at any one time;
- (b) offer savings account;
- (c) accept any fixed or other interest-bearing deposits in Singapore dollars from non-bank residents of Singapore;
- (d) operate current accounts for non-bank residents unless the accounts are offered:
  - (i) in connection with credit facilities granted to, or other business dealings with the customer; or
  - (ii) to customers of the bank's head office;
- (e) operate interest-bearing Singapore dollar current accounts for natural persons who are Singapore residents;
- (f) accept Singapore dollar fixed deposits of less than S\$250,000 from non-bank non-residents;
- (g) issue Singapore dollar bonds and negotiable certificates of deposit, unless the requirements pertaining to minimum maturity period, minimum denomination or class of investors contained in the Guidelines for Operation of Offshore Banks issued by the Monetary Authority of Singapore and/or its successor body are complied with.

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Banking
<b>Industrial Classification</b>	CPC 811 Financial Intermediation Services, except insurance and pension fund services
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment
<b>Measure</b>	Finance Companies Act, Cap. 108
<b>Description of Reservation</b>	<p>No new finance company licenses will be granted.</p> <p>Finance companies may only establish as Singapore incorporated companies.</p> <p>Finance companies are not permitted to establish off-premise ATMs, ATM networking or allow their accounts to be debited through an Electronic Funds Transfer at Point of Sale (EFTPOS).</p>

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Banking
<b>Industrial Classification</b>	CPC 8111 Services of Monetary Intermediaries
<b>Type of Reservation</b>	Market Access for Financial Institutions
<b>Measure</b>	Banking Act, Cap. 19 Monetary Authority of Singapore Act, Cap. 186 Guidelines for Operation of “Merchant” Banks
<b>Description of Reservation</b>	Merchant banks may only establish as Singapore branch offices of a corporation or Singapore-incorporated companies.  No merchant bank may establish more than one office (excluding back-office operations).

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Banking
<b>Industry Classification</b>	CPC 811 Financial Intermediation Services, except insurance and pension fund services
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment Senior Management and Boards of Directors
<b>Measure</b>	Banking Act, Cap. 19 Monetary Authority of Singapore Act, Cap. 186 MAS Notice No. 622
<b>Description of Reservation</b>	<p>No foreign shareholders shall acting alone or in concert with other shareholders, assume control of any Singapore incorporated bank or a company belonging to a class of financial institutions approved as financial holding companies under section 28 of the Monetary Authority of Singapore Act (“referred to as financial holding company”).</p> <p>A majority of the directors of a bank incorporated in Singapore must be either Singapore citizens or Singapore permanent residents.</p> <p>Approval from the Minister is required before a shareholder (together with associated persons) is allowed to acquire shareholdings in a Singapore incorporated bank or a financial holding company to 5%, 12% and 20%, and before a Singapore incorporated bank or a financial holding company is allowed to be merged or taken over by any other body.</p> <p>In approving applications to exceed the threshold limits, the Minister may impose conditions it considers necessary to prevent undue control, protect public interests, and ensure the integrity of the financial system.</p> <p>A foreign shareholder is a person that is:</p> <ul style="list-style-type: none"> <li>(a) in the case of a natural person, not a citizen of Singapore; and</li> <li>(b) in the case of a corporation, not controlled by citizens of Singapore.</li> </ul>

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Settlement and clearing services for financial assets
<b>Industry Classification</b>	CPC 813 Services auxiliary to financial intermediation other than to insurance and pension funding
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment
<b>Measure</b>	Banking Act, Cap. 19
<b>Description of Reservation</b>	Only a clearing house established under the Banking Act may provide clearing services for cheques and other credit instruments which are drawn on a bank in Singapore (whether payable in Singapore dollars or other currency), and services for interbank GIRO transfers.

## Securities

**Sector** Financial Services

**Sub-Sector**

**Industry Classification** CPC 8131 Services related to the administrative of financial markets  
CPC 8132 Services related to securities markets

**Type of Reservation** Market Access for Financial Institutions  
National Treatment

**Measure** Securities and Futures Act 2001, Cap. 289

**Description of Reservation** The establishment or operation of securities and futures markets as exchanges, exempt exchanges or recognized trading system providers, is subject to the authorisation, including the imposition of conditions for authorisation, by the Monetary Authority of Singapore and/or its successor body.

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise; participation in all kinds of securities, including underwriting and placement as agent and provision of service related to such issues
<b>Industry Classification</b>	CPC 8132 Services related to securities markets
<b>Type of Reservation</b>	Market Access for Financial Institutions
<b>Measure</b>	Banking Act, Cap. 19
<b>Description of Reservation</b>	Banks and merchant banks are required to establish separate subsidiaries to trade financial futures for customers.

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Asset management
<b>Industry Classification</b>	CPC 8132 Services related to securities market
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment
<b>Measure</b>	Admission Criteria, Guidelines and Application Forms for Fund Management and Insurance Companies included under CPFIS
<b>Description of Reservation</b>	<p>In considering the admission of Fund Management Companies (FMCs) under the Central Provident Fund Investment Scheme (CPFIS), the Central Provident Fund Board and/or its successor body takes into consideration the following factors:</p> <ul style="list-style-type: none"> <li>(a) whether the FMC has a minimum one-year track record as a capital markets services license holder under the Securities and Futures Act (or its equivalent under the Securities Industry Act) in the fund management industry in Singapore while the group as a whole has a minimum of 3 years track record in fund management;</li> <li>(b) whether the FMC manages at least S\$500 million worth of funds in Singapore;</li> <li>(c) whether the FMC has a minimum of 3 fund managers, two of whom must have at least 5 years of fund management experience;</li> <li>(d) whether the FMC is able to show evidence of its commitment to grow in its Singapore operations;</li> <li>(e) whether the FMC demonstrates a commitment to contribute to the future development of the fund management industry in Singapore, such as the transfer of fund management and other related skills to personnel employed locally and in investor education.</li> </ul>

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Participation in all kinds of securities, including underwriting and placement as agent and provision of service related to such issues
<b>Industry Classification</b>	CPC 8132 Services related to securities markets
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment
<b>Measure</b>	Banking Act, Cap. 19
<b>Description of Reservation</b>	Banks' and merchant banks' membership on any securities exchange or futures exchange established in Singapore must be held through subsidiaries.

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services
<b>Industry Classification</b>	CPC 9119 Other financial intermediation services, other than insurance and pension fund services CPC 8131 Services related to the administration of financial markets CPC 8132 Services related to securities markets
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment
<b>Measure</b>	Companies Act, Cap. 50
<b>Description of Reservation</b>	Only the Central Depository Pte Ltd and/or its successor body is authorised to provide securities custodial services for book-entry securities

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Securities
<b>Industry Classification</b>	CPC 8132 Services related to securities markets
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment
<b>Measure</b>	Securities and Futures Act 2001, Cap. 289
<b>Description of Reservation</b>	Holders of a capital markets services licence may only establish as Singapore-incorporated companies or Singapore branch offices of a corporation.

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Payment and non-money transmission services
<b>Industry Classification</b>	CPC 811 Financial Intermediation Services, except insurance and pension fund services
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment
<b>Measure</b>	Money-Changing and Remittance Businesses Act, Cap. 187
<b>Description of Reservation</b>	Remittance shops and money-changing businesses, except where the remittance or money-changing business is conducted by banks, merchant banks and finance companies, must be majority-owned by Singapore citizens (i.e. ownership of more than 50% shareholding).

## Insurance

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Insurance
<b>Industry Classification</b>	CPC 812 Insurance (including reinsurance) and pension fund services except compulsory social security services
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment
<b>Measure</b>	Admission Criteria, Guidelines and Application Forms for Fund Management and Insurance Companies included under CPFIS
<b>Description of Reservation</b>	<p>In considering the admission of Insurers under the Central Provident Fund Investment Scheme (CPFIS), the Board takes into consideration the following factors:</p> <ul style="list-style-type: none"><li>(a) whether the insurer is licensed under the Insurance Act to carry on life insurance business.</li><li>(b) whether the insurer has a minimum one-year track record as a licensed insurer in Singapore; and</li><li>(c) whether the insurer employs a minimum of three fund management staff, two of whom have at least five years of fund management experience. The third may only have two years of fund management experience if he or she:<ul style="list-style-type: none"><li>(i) is a fully qualified Chartered Financial Analyst (CFA), or</li><li>(ii) is an Associate of the Society of Actuaries, or</li><li>(iii) holds a Certificate in Finance and Investments from the Institute of Actuaries, or</li><li>(v) holds an equivalent qualification from any of the professional actuarial bodies recognised in Singapore.</li></ul></li><li>(d) whether the insurer and its related group of companies have a sound financial position.</li><li>(e) whether the insurer and its related group of companies have a good regulatory compliance record in Singapore and in</li></ul>

other countries where they operate.

- (f) whether the insurer is able to show evidence of its commitment to grow its Singapore operations in areas such as:
  - (i) the amount of funds managed;
  - (ii) range of products offered
- (g) whether the insurer demonstrates a commitment to contribute to the future development of the insurance industry in Singapore eg. in the transfer of insurance, fund management and other related skills to personnel employed locally and in investor education.

Note:

The above listed is the basic criteria for Insurers to be included under CPFIS. The Board, in consultation with MAS, may consider an applicant for admission, on case by case basis, if the applicant does not meet a specific criterion but has other strengths.

Insurers that pass the qualifying criteria stated above will be allowed to offer new investment-linked insurance products (ILPs) and manage ILP sub-funds.

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Insurance
<b>Industry Classification</b>	CPC 814 Services auxiliary to insurance and pension funding
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment
<b>Measure</b>	Insurance Act, Cap 142
<b>Description of Reservation</b>	All Insurance brokers (including reinsurance brokers) must be established as Singapore incorporated companies.

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Insurance
<b>Industry Classification</b>	CPC 812 Insurance (including reinsurance) and pension fund services except compulsory social security services
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment
<b>Measure</b>	Insurance Act, Cap. 142
<b>Description of Reservation</b>	<p>Direct life insurers may only establish as Singapore-incorporated companies.</p> <p>Reinsurers (intending to be licensed under the Insurance Act) and non-life direct insurers may only establish as Singapore-incorporated companies or Singapore branch offices of a corporation, but may not establish any representative offices.</p> <p>Captive insurers may only establish as Singapore incorporated companies.</p>

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Insurance
<b>Industry Classification</b>	CPC 812 – Insurance (including reinsurance) and pension fund services except compulsory social security services
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment Cross Border Trade in Financial Services
<b>Measure</b>	Motor Vehicles (Third Party Risks and Compensation) Act, Cap. 189 Workmen's Compensation Act, Cap. 354
<b>Description of Reservation</b>	Compulsory insurance of Motor Third Party Liability and Workmen's Compensation can only be purchased directly or through an intermediary from licensed insurers in Singapore.

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Insurance
<b>Industry Classification</b>	CPC 814 – Services auxiliary to insurance and pension funding
<b>Type of Reservation</b>	National Treatment Cross Border Trade in Financial Services
<b>Measure</b>	Insurance Act, Cap 142, Financial Advisers Act, Cap. 110
<b>Description of Reservation</b>	The placement of domestic risk outside Singapore by brokers is subject to approval by the Monetary Authority of Singapore, with the exception of reinsurance risks and insurance risks relating to maritime liabilities of ship owners insured by protection and indemnity clubs.

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	Insurance
<b>Industry Classification</b>	CPC 812 Insurance (including reinsurance) and pension fund services, except compulsory social security service
<b>Type of Reservation</b>	National Treatment
<b>Description of Reservation</b>	Singapore will require product filing for life insurance business, as well as product approval for Central Provident Fund-related products, investment-linked products and insurance products new to the Singapore market
<b>Existing Measures</b>	Admission criteria set by CPF Board and Ministry of Health

## All Sectors

**Sector** Financial Services

**Sub-Sector** All sectors

### **Industry Classification**

**Type of  
Reservation** Market Access for Financial Institutions  
National Treatment

**Measure** Companies Act, Cap. 50, Part IV Division 7A  
Securities and Futures Act, Cap. 289, Part III  
Banking Act, Cap. 19, section 59

**Description  
of  
Reservation** Clearing and settlement services for exchange-traded securities and financial futures and inter-bank transfers can only be provided by Central Depository (Pte) Limited, Singapore Exchange Derivatives Clearing Ltd and Banking Computer Services Pte Ltd respectively

<b>Sector</b>	Financial Services
<b>Sub-Sector</b>	All sectors
<b>Industry Classification</b>	
<b>Type of Reservation</b>	Market Access for Financial Institutions National Treatment
<b>Measure</b>	Insurance Act, Cap. 142 MAS Notice 109 Banking Act, Cap 19 MAS Notice 757 Finance Companies Act, Cap. 108 MAS Notice 816 Monetary Authority of Singapore Act, Cap. 186. MAS Notice 1105 Securities and Futures Act, Cap. 289
<b>Description of Reservation</b>	<ol style="list-style-type: none"> <li>1. Financial Institutions extending Singapore dollar (S\$) credit facilities exceeding \$5 million per entity to non-resident financial entities or arranging S\$ equity or bond issues for non-residents, must ensure that where the S\$ proceeds are to be used outside Singapore, they are swapped or converted into foreign currency upon draw-down or before remittance abroad.</li> <li>2. Financial Institutions should not extend S\$ credit facilities to non-resident financial entities if there is reason to believe that the S\$ proceeds may be used for S\$ currency speculation</li> </ol> <p>The term “non-resident” is as defined in MAS Notice 757 issued under the Banking Act.</p>