

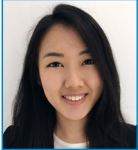


REGIONAL UPDATE
SINGAPORE

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PROPOSED LEGISLATIVE AMENDMENTS TO ENHANCE RESOLUTION REGIME FOR FINANCIAL INSTITUTIONS IN SINGAPORE



On 29 April 2016, the Monetary Authority of Singapore (“MAS”) issued a Consultation Paper on Proposed Legislative Amendments to Enhance the Resolution Regime for Financial Institutions in Singapore, following the consultation paper previously issued on 23 June 2015.



MAS will be amending the Monetary Authority of Singapore Act (“MAS Act”) and related regulations to strengthen MAS’ resolution powers in relation to distressed financial institutions (“FI”). Further, MAS will also be issuing a Notice and Guidelines on recovery and resolution planning for banks.

Given the extensive scope of the Consultation Paper, this update will only highlight some of the proposed key amendments to the MAS Act.

1. Recovery and Resolution Planning (RRP)

Upon notice given by MAS, pertinent FI and insurers will be required to prepare recovery plans, submit information for resolution planning and adopt measures to address any deficiencies. Further details of the RRP requirements will be set out in the Notice and Guidelines.

2. Temporary Stays on Termination Rights

MAS may temporarily stay termination rights of counterparties to financial and non-financial contracts entered into with a pertinent FI or insurer, and may also require such pertinent FI and insurers to include contractual provisions in specified contracts to ensure enforceability of MAS’ powers.

3. Statutory Bail-In Regime

MAS will also be empowered to bail-in contingent convertible instruments and contractual bail-in instruments, and may require contractual recognition clauses for liabilities which fall within the scope of MAS’ statutory bail-in powers but which are governed by foreign laws.

4. Cross-Border Recognition of Resolution Actions

Upon being notified of a foreign resolution action, the amendments to the MAS Act set out a framework for MAS to recognize all or part of the foreign resolution action or to deny recognition.

5. Creditor Compensation Framework

Creditors and shareholders who do not receive under the resolution of an FI at least what they would have received from liquidation of the FI, will be eligible for compensation of the difference.

6. Resolution Funding Arrangements

MAS may also establish resolution funding arrangements, the mechanics of which will be set out in Regulations. The resolution fund will have priority to the assets of the entity in liquidation, ahead of unsecured creditors and equity holders.

FI and insurers should keep up to date with the proposed amendments as this will affect their contracts and compliance costs.

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