

OVERSEA-CHINESE BANKING CORPORATION LIMITED
Issue of S\$1,000,000,000 4.00 per cent. Perpetual Capital Securities First Callable in 2023
under the Oversea-Chinese Banking Corporation Limited
U.S.\$30,000,000,000 Global Medium Term Note Program

This document constitutes the Pricing Supplement relating to the issue of Perpetual Capital Securities described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Perpetual Capital Securities (the “**Conditions**”) set forth in the Offering Memorandum dated 9 March 2018. This Pricing Supplement contains the final terms of the Perpetual Capital Securities and must be read in conjunction with such Offering Memorandum.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Capital Securities or coupons (if applicable) by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”), shall not apply if such person acquires such Perpetual Capital Securities or coupons (if applicable) using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Capital Securities or coupons (if applicable) is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

PRIIPs REGULATION - PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Perpetual Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Perpetual Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Perpetual Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined the classification of the Perpetual Capital Securities as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

1	Issuer:	Oversea-Chinese Banking Corporation Limited
2	(i) Series Number:	36
	(ii) Tranche Number:	001
3	Specified Currency or Currencies:	Singapore Dollar (“S\$”)
4	Aggregate Principal Amount:	
	(i) Series:	S\$1,000,000,000
	(ii) Tranche:	S\$1,000,000,000
5	(i) Issue Price:	100.0 per cent. of the Aggregate Principal Amount
	(ii) Net Proceeds	S\$998,566,200
6	(i) Specified Denominations:	S\$250,000
	(ii) Calculation Amount:	S\$250,000
7	(i) Issue Date:	24 August 2018
	(ii) Distribution Commencement Date:	Issue Date
8	Maturity Date:	Not Applicable
9	Distribution Basis:	From (and including):
		<ul style="list-style-type: none"> • the Distribution Commencement Date to (but excluding) the First Reset Date (as defined below), at the Initial Distribution Rate; • the First Reset Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate.
		(further particulars specified below)
10	Redemption/Payment Basis:	Redemption at par, subject to paragraphs 18(ii), 20 and 21 below
11	Change of Distribution or Redemption/Payment Basis:	See paragraph 9 above
12	Call Options:	Issuer Call (further particulars specified below)
13	Listing:	SGX-ST
14	Status of Perpetual Capital Securities:	Subordinated
15	Method of distribution:	Syndicated

PROVISIONS RELATING TO DISTRIBUTION (IF ANY) PAYABLE

16	Fixed Rate Perpetual Capital Security Provisions	Applicable
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(i)	Rate(s) of Distribution:	
	(a)	Initial Distribution Rate: 4.00 per cent. per annum payable semi-annually in arrear
	(b)	Reset Applicable
	(A)	First Reset Date 24 August 2023
	(B)	Reset Date(s) The First Reset Date and each date falling every five years after the First Reset Date, not adjusted for non-Business Days The determination of the Reset Distribution Rate shall be calculated on the second Business Day prior to such Reset Date, in accordance with Condition 4(f).
	(C)	Relevant Rate 5-year Singapore Dollar Swap Offer Rate, as it appears on the Bloomberg Screen TPIS Page under the caption "Tullett Prebon - Rates - Interest Rate Swaps - Asia Pac - SGD" and the column headed "Ask" for a maturity of 5 years.
	(D)	Initial Spread 1.811 per cent.
(ii)	Distribution Period(s):	Each period from (and including) a Distribution Payment Date to (but excluding) the subsequent Distribution Payment Date, except that the first Distribution Period will commence on (and include) the Issue Date.
(iii)	Distribution Payment Date(s):	24 February and 24 August in each year (not adjusted for non-Business Days) commencing on the Distribution Payment Date falling on 24 February 2019
(iv)	Distribution Stopper:	Applicable
(v)	Fixed Distribution Amount:	Not Applicable
(vi)	Broken Amount(s):	Not Applicable
(vii)	Day Count Fraction (Condition 4(i)):	Actual/365 (Fixed)
(viii)	Other terms relating to the method of calculating interest for Fixed Rate Perpetual Capital Securities:	Not Applicable
17	Floating Rate Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18	Call Option	Applicable
	(i)	Optional Redemption Date(s): First Reset Date (the "First Call Date") and each Distribution Payment Date thereafter

	(ii) Optional Redemption Amount(s) of each Perpetual Capital Security and specified denomination method, if any, of calculation of such amount(s):	S\$250,000 per Perpetual Capital Security of S\$250,000 specified denomination
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	Not Applicable
	(b) Maximum Redemption Amount:	Not Applicable
	(iv) Notice period:	In accordance with Condition 6(d)
19	Variation instead of Redemption (Condition 6(f))	Applicable
20	Final Redemption Amount of each Perpetual Capital Security	S\$250,000 per Calculation Amount
21	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c)) and/or the method of calculating the same (if required or if different than that set out in the Conditions):	S\$250,000 per Calculation Amount
	Early Redemption Amount(s) per Calculation Amount payable on redemption for Change of Qualification Event (Condition 6(e)) and/or the method of calculating the same (if required or if different than that set out in the Conditions):	S\$250,000 per Calculation Amount

PROVISIONS RELATING TO LOSS ABSORPTION

22	Loss Absorption Option: Write-off on a Trigger Event (Condition 7(b)):	Applicable
23	Loss Absorption Option: Conversion:	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE PERPETUAL CAPITAL SECURITIES

24	Form of Perpetual Capital Securities:	Regulation S Global Certificate (S\$1,000,000,000 nominal amount) registered in the name of The Central Depository (Pte) Limited
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25	Financial Center(s) (Condition 8(f)) or other special provisions relating to Payment Dates:	Singapore
26	Other terms or special conditions:	The Securities are expected to be rated Baa1 (Moody's), BBB- (Standard and Poor's) and BBB (Fitch)

DISTRIBUTION

27	(i) If syndicated, names of Managers:	Credit Suisse (Singapore) Limited Oversea-Chinese Banking Corporation Limited Standard Chartered Bank
	(ii) Stabilising Manager (if any):	Not Applicable
28	If non-syndicated, name of Dealer:	Not Applicable
29	Whether TEFRA D or TEFRA C was applicable or TEFRA rules not applicable:	TEFRA not applicable
30	Additional selling restrictions:	Not Applicable

OPERATIONAL INFORMATION

31	ISIN Code:	SGXF81199428
32	Common Code:	186965060
33	CUSIP:	Not Applicable
34	CMU Instrument Number:	Not Applicable
35	Legal Entity Identifier (LEI)	5493007O3QFXCPOGWK22
36	Any clearing system(s) other than CDP, the CMU, Euroclear and Clearstream, Luxembourg and/or DTC and the relevant identification number(s):	Not Applicable
37	Delivery:	Delivery free of payment
38	Additional Paying Agent(s) (if any):	Not Applicable
39	The Agent appointed in respect of the Perpetual Capital Securities is:	The Bank of New York Mellon, Singapore Branch

GENERAL INFORMATION

40	The aggregate principal amount of Perpetual Capital Securities issued has been translated into U.S. dollars at the rate of S\$1.376:U.S.\$1.00, producing a sum of Perpetual Capital Securities not denominated in U.S. dollars:	U.S.\$726,744,186.05
41	Governing law of Perpetual Capital Securities:	Singapore

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for the issue and admission to trading on the SGX-ST of the Perpetual Capital Securities described herein pursuant to the U.S.\$30,000,000,000 Global Medium Term Note Program of Oversea-Chinese Banking Corporation Limited.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:  _____
Duly authorised *Darren Tan*
Chief Financial Officer

By:  _____
Duly authorised **Ang Suat Ching**
Head, Corporate Treasury

SCHEDULE

The Offering Memorandum is hereby supplemented with the following information, which shall be deemed to be incorporated in, and to form part of, the Offering Memorandum. Save as otherwise defined herein, terms defined in the Offering Memorandum have the same meaning when used in this Schedule.

The “Supervision and Regulation” section on pages 264 to 286 of the Offering Memorandum shall be replaced with the following:

“SUPERVISION AND REGULATION

Singapore Banking

Industry Introduction

Singapore licensed banks come within the ambit of the Banking Act and the MAS, as the administrator of the Banking Act, supervises and regulates the banks and their operations. In addition to provisions in the Banking Act and the subsidiary legislation issued thereunder, banks have to comply with notices, circulars, guidelines, practice notes and codes issued by the MAS from time to time.

A licensed bank’s operations may include the provision of capital markets services and financial advisory services. A bank licensed under the Banking Act is exempt from holding a capital markets services license under the SFA and from holding a financial adviser’s license under the Financial Advisers Act, Chapter 110 of Singapore (the “**FAA**”). However, a licensed bank will nonetheless have to comply with the SFA and the FAA and the subsidiary legislation issued thereunder, as well as notices, circulars, guidelines, practice notes and codes issued by the MAS from time to time, as may be applicable to it in respect of these regulated activities.

The SFA Amendment Act was gazetted on February 16, 2017, but has not come into effect yet. The MAS has since issued several consultation papers on the draft subsidiary legislation, notices and guidelines that will operationalize the amendments to the SFA. This includes Consultation Paper I on Draft Regulations Pursuant to the Securities and Futures Act issued in April 2017, Consultation Paper II on Draft Regulations Pursuant to the Securities and Futures Act issued in May 2017, Consultation Paper I on Draft Notices and Guidelines Pursuant to the Securities and Futures Act issued in October 2017 and Consultation Paper on Draft Regulations for Mandatory Trading of Derivatives Contracts issued in February 2018.

The Monetary Authority of Singapore

The MAS is banker and financial agent to the Singapore Government and is the central bank of Singapore. Following its merger with the Board of Commissioners of Currency, Singapore on October 1, 2002, the MAS has also assumed the functions of currency issuance. The MAS’s functions include: (a) to act as the central bank of Singapore, including the conduct of monetary policy, the issuance of currency, the oversight of payment systems and serving as banker to and financial agent of the Singapore Government; (b) to conduct integrated supervision of financial services and financial stability surveillance; (c) to manage the official foreign reserves of Singapore; and (d) to develop Singapore as an international financial center.

The Regulatory Environment

In December 2010, the Basel Committee published Basel III which presents the details of global regulatory standards on bank capital adequacy and liquidity, aimed at strengthening global capital standards and promoting a more resilient banking sector.

Basel III sets out higher capital standards for banks, and introduced two global liquidity standards: the “Liquidity Coverage Ratio”, intended to promote resilience to potential liquidity disruptions over a 30-day horizon and the “Net Stable Funding Ratio”, which requires a minimum amount of stable sources of funding at banks relative to the liquidity profiles of their assets and potential for contingent liquidity needs arising from off-balance sheet commitments over a one-year horizon. In January 2011, the Basel Committee has also published requirements for all classes of capital instruments issued on or after January 1, 2013 to be loss absorbing at the point of non-viability. In July 2012, the Basel Committee further published the interim framework for capitalization of bank exposures to central counterparties.

MAS Notice 637 implements Basel III capital standards for SIBs and sets out the current requirements relating to the minimum capital adequacy ratios for SIBs and the methodology such banks shall use for calculating these ratios. MAS Notice 637 also sets out the expectations of the MAS in respect of the internal capital adequacy assessment process of SIBs under the supervisory review process and specifies the minimum disclosure requirements for SIBs in relation to its capital adequacy.

MAS Notice 637 was amended on December 31, 2013 to, among other things, incorporate disclosure and submission requirements for assessing global systemically important banks and requirements to ensure loss absorbency at the point of non-viability. MAS Notice 637 was further amended on October 14, 2014 to implement the leverage ratio disclosure requirements for SIBs, to enhance the clarity of the capital rules and to implement leverage ratio supervisory reporting requirements. The leverage ratio disclosure requirements for SIBs took effect from January 1, 2015, in line with the Basel Committee’s timeline for implementation of the leverage ratio disclosure requirements. The revisions to enhance the clarity of the capital rules similarly took effect from January 1, 2015, whereas the leverage ratio supervisory reporting requirements took effect from December 31, 2015. Further amendments were made to MAS Notice 637 on December 29, 2014. These amendments became effective on July 1, 2015, December 31, 2015 and January 1, 2017.

MAS Notice 637 was further amended on October 17, 2016 to implement requirements for SIBs that are consistent with the final standards issued by the Basel Committee in relation to (a) capital requirements for banks’ equity investments in funds, (b) the Basel Committee’s standardized approach for measuring counterparty credit risk exposures, (c) capital requirements for bank exposures to central counterparties, and (d) revised Pillar 3 disclosure requirements. The amendments will enhance the risk capture of banks’ equity exposures and counterparty credit risk exposures, while the revised Pillar 3 disclosure requirements will improve comparability and consistency of disclosures and enable market participants to better assess a bank’s capital adequacy. Revisions have also been made to align the regulatory capital treatment for investments in unconsolidated major stake entities that are not financial institutions, and for private equity and venture capital investments, with the treatment of significant investments in commercial entities under the Basel capital framework. The amendments took effect from January 1, 2017. For amendments relating to the standardized approach for measuring counterparty credit risk exposures and capital requirements for bank exposures to central counterparties, transitional arrangements are provided to allow more time for implementation. For Pillar 3 disclosure requirements, the disclosures required under the revised framework will be for the reporting periods ending on or immediately after January 1, 2017 for the majority of disclosure templates and January 1, 2018 for the remaining templates.

On September 22, 2017, a revised MAS Notice 637 was issued. Among other things, the transitional arrangements for the adoption of the Internal Ratings Based Approach were amended to reflect certain changes in the calculation of the amount of capital floors, including removing “Tier I Capital

Resources Requirement” from the basis in calculating the amount of capital floors. Revisions were also made to the reporting schedules in MAS Notice 637.

Separately, the MAS released a consultation paper on proposed amendments to MAS Notice 637 on January 9, 2017 to implement requirements that are consistent with the final standards issued by the Basel Committee in relation to revisions to the securitization framework and standards for interest rate risk in the banking book (“IRRBB”). The proposed framework for IRRBB sets out Pillar 2 requirements for the identification, measurement, monitoring and control of IRRBB, and disclosure requirements under prescribed interest rate shock scenarios. On November 29, 2017, the MAS released its response to this consultation paper and issued revised MAS Notice 637 to implement amendments to the securitization framework. These strengthen capital standards for securitization exposures, while providing a preferential capital treatment for simple, transparent and comparable securitizations. The MAS stated that it will be publishing its response to the feedback received on the IRRBB amendments at a later date.

On July 25, 2017, the MAS issued the Consultation Paper on the Proposed Amendments to Capital Requirements for Singapore-Incorporated Banks in MAS Notice 637 which proposes amendments to MAS Notice 637 to introduce the minimum leverage ratio requirement of 3.0%. Technical enhancements were also proposed on the capital treatment of equity investments and the definition of default under the Internal Ratings Based Approach for credit risk.

Pursuant to MAS Notice 637, the MAS has imposed capital adequacy ratio requirements on a SIB at two levels:

- (a) the bank standalone (“**Solo**”) level capital adequacy ratio requirements, which measure the capital adequacy of a SIB based on its standalone capital strength and risk profile; and
- (b) the consolidated (“**Group**”) level capital adequacy ratio requirements, which measure the capital adequacy of a SIB based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries and any other entities which are treated as part of the bank’s group of entities according to SFRS (collectively called “**banking group entities**”) taking into account any exclusions of certain bank group entities or any adjustments pursuant to securitization required under MAS Notice 637.

On December 28, 2017, MAS Notice 637 was revised to introduce a minimum leverage ratio requirement of 3.0% at the Solo and Group levels with effect from January 1, 2018.

Where a SIB issues covered bonds (as defined in MAS Notice 648 on Issuance of Covered Bonds by Banks Incorporated in Singapore (“**MAS Notice 648**”), the SIB must continue to hold capital against its exposures in respect of the assets included in a cover pool (as defined in MAS Notice 648) in accordance with MAS Notice 637. In the case where the SIB uses a special purpose entity to issue covered bonds or where the cover pool is held by a special purpose entity, the SIB is required to apply a “look through” approach for the purpose of computing its capital requirements under MAS Notice 637. Under the “look through” approach, the SIB and the special purpose entity will be treated as a single entity for the purposes of MAS Notice 637.

In addition to complying with the above capital adequacy ratio requirements in MAS Notice 637, a SIB should consider as part of its internal capital adequacy assessment process whether it has adequate capital at both the Solo and Group levels to cover its exposure to all risks.

Under MAS Notice 637, D-SIBs will be required to meet capital adequacy requirements that are higher than the Basel Committee’s requirements. MAS Notice 637 sets out a minimum CET1 CAR of 5.5% and a minimum Tier I CAR of 7.0% with effect from January 1, 2014. These increased

progressively to 6.5% and 8.0% respectively, from January 1, 2015. The requirement for minimum total capital adequacy ratio is 10.0%.

The minimum capital requirements under MAS Notice 637, when fully implemented, will be two percentage points higher than the Basel III minima specified by the Basel Committee.

Under the requirements of the Basel Committee, banks are required to maintain minimum CET1 CAR, Tier I CAR and Total CAR of 3.5%, 4.5%, and 8.0%, respectively, from January 1, 2013, and minimum CET1 CAR, Tier I CAR and Total CAR of 4.5%, 6.0% and 8.0%, respectively, from January 1, 2015. In addition, banks are required to hold a capital conservation buffer (“**CCB**”) of 2.5% above the minimum capital adequacy requirements to weather periods of high stress. This CCB is to be met with CET1 capital and will begin at 0.625% on January 1, 2016, increasing by an additional 0.625 percentage points in each subsequent year, to reach 2.5% on January 1, 2019.

Furthermore, banks may be subject to a countercyclical buffer ranging from 0% to 2.5% which will be implemented by each country when there has been a build-up of system-wide risk associated with excessive aggregate credit growth in their systems, with discretion on the implementation according to their national circumstances. The countercyclical buffer will be phased in from January 1, 2016 to January 1, 2019. It is not an ongoing requirement but only applied as and when specified by the relevant national banking supervisors. The countercyclical buffer is to be maintained in the form of CET1 capital.

In line with the Basel Committee’s requirements, the MAS has introduced in MAS Notice 637 a CCB of 2.5% above the minimum capital adequacy requirements. The CCB will be met with CET1 capital and begins at 0.625% on January 1, 2016, increasing by an additional 0.625% in each subsequent year, to reach its final level of 2.5% on January 1, 2019.

The table below summarizes the capital requirements under MAS Notice 637.

From January 1,	2013	2014	2015	2016	2017	2018	2019
Minimum CARs%							
CET1 (a).....	4.5	5.5	6.5	6.5	6.5	6.5	6.5
CCB (b)			–	0.625	1.25	1.875	2.5
CET1 including CCB							
(a) + (b)	4.5	5.5	6.5	7.125	7.75	8.375	9.0
Tier I	6.0	7.0	8.0	8.625	9.25	9.875	10.5
Total	10.0	10.0	10.0	10.625	11.25	11.875	12.5
Countercyclical Buffer	–	–	–	0.625	1.25	1.875	2.5

In addition to changes in minimum capital requirements, Basel III also mandates various adjustments in the calculation of capital resources. These adjustments have been phased in from January 1, 2013 and are for items such as goodwill, and investments exceeding certain thresholds.

Lastly, Basel III has revised the criteria for the eligibility of capital instruments.

On December 20, 2017, the MAS issued a Consultation Paper on Proposed Amendments to Widen the Scope of Eligible Collateral Relating to Commodities and Equity Securities in MAS

Notice 637, to propose amendments to MAS Notice 637 to revise the list of eligible collateral that may be recognized for credit risk mitigation purposes.

Other Key Prudential Provisions

On November 28, 2014, the MAS issued MAS Notice 649. MAS Notice 649, which took effect on January 1, 2015 for a bank incorporated and headquartered in Singapore, introduces a new liquidity requirement framework to implement the Basel III LCR rules. Under MAS Notice 649, a bank incorporated and headquartered in Singapore shall maintain at all times, a Singapore Dollar LCR requirement of at least 100% and an all currency LCR requirement of at least 60% by January 1, 2015, with the all currency LCR requirement increasing by 10% each year to 100% by 2019.

On December 14, 2015, the MAS issued MAS Notice 651 on Liquidity Coverage Ratio Disclosure ("**MAS Notice 651**"), which applies to D-SIBs and took effect on January 1, 2016. On December 28, 2017, MAS Notice 651 was revised pursuant to a public consultation. Under the revised MAS Notice 651, a D-SIB that is incorporated in Singapore and headquartered in Singapore is required to disclose quantitative and qualitative information about its LCR at the banking group level on a quarterly basis. MAS Notice 651 also sets out additional requirements on quantitative and qualitative information that a D-SIB is required to disclose, such as the annual disclosure of information relating to its internal liquidity risk measurement and management framework.

On July 10, 2017, the MAS issued a new MAS Notice 652 on Net Stable Funding Ratio ("**MAS Notice 652**") to implement the proposals set out in the consultation paper on Local Implementation of Basel III Liquidity Rules – Net Stable Funding Ratio ("**NSFR**") and NSFR Disclosure Requirements which was released in November 2016. MAS Notice 652 applies to D-SIBs and took effect from January 1, 2018 (save for the Required Stable Funding add-on for derivative liabilities, as specified in the revised MAS Notice 652 issued on December 20, 2017). A D-SIB incorporated and headquartered in Singapore must maintain a consolidated all-currency Group NSFR of at least 100% on an ongoing basis from January 1, 2018.

The MAS consulted on the implementation of NSFR disclosure requirements as part of the public consultation on Proposed Amendments to Disclosure Requirements under MAS Notice 637, 651 and 653 which was separately issued on July 10, 2017. The proposed amendments to the disclosure frequencies under MAS Notice 651 on Liquidity Coverage Ratio Disclosure and MAS Notice 653 on Net Stable Funding Ratio Disclosure have been included in accordance with BCBS' revised standards. On December 28, 2017, the MAS issued the revised MAS Notices 637 and 651 and a new MAS Notice 653 on Net Stable Funding Ratio Disclosure ("**MAS Notice 653**") to implement disclosure requirements for SIBs that are consistent with the Basel Committee's revised standards on Pillar 3 disclosures under the Basel III framework. The amendments to MAS Notice 637 took effect on January 1, 2018 (except where indicated otherwise). The revised MAS Notice 651 took effect from December 31, 2017 and MAS Notice 653 took effect from January 1, 2018.

MAS Notice 651 and MAS Notice 653 set out requirements applicable to D-SIBs for the disclosure of quantitative and qualitative information about LCR and NSFR respectively. Under the revised MAS Notice 651, a D-SIB that is incorporated and headquartered in Singapore is required to disclose quantitative and qualitative information about its LCR at the banking group level on a quarterly basis. Under MAS Notice 653, a D-SIB that is incorporated and headquartered in Singapore is required to disclose quantitative and qualitative information about its NSFR at the banking group level on a semi-annual basis.

Under Section 39 of the Banking Act and MAS Notice 758 on Minimum Cash Balance (“**MAS Notice 758**”), a bank is also required to maintain, during a maintenance period, in its current account and custody cash account an aggregate minimum cash balance with MAS of at least an average of 3.0% of its average Qualifying Liabilities (as defined in MAS Notice 613 on Minimum Liquid Assets (“**MAS Notice 613**”)) computed during the relevant two-week period beginning on a Thursday and ending on a Wednesday. The MAS has stated that MAS Notice 758 will be amended to include the definition of Qualifying Liabilities under MAS Notice 649 instead of referencing MAS Notice 613, which will be canceled with effect from January 1, 2016. However, to date, the MAS has neither amended the definition of Qualifying Liabilities under MAS Notice 758 nor canceled MAS Notice 613.

Under Section 29 of the Banking Act, the MAS may, by notice to any bank in Singapore, impose such requirements as may be necessary or expedient for the purposes of limiting the exposure of the bank to:

- (a) a substantial shareholder group of the bank (if the bank is incorporated in Singapore);
- (b) the financial group of the bank;
- (c) a director group of the bank; and
- (d) any other person or class of persons as may be prescribed.

For the purposes of this paragraph:

- (a) “substantial shareholder group” means a group of persons comprising any substantial shareholder (i.e., holding or having an interest in not less than 5% of the total voting rights) of the bank, every affiliate of such substantial shareholder, and where the bank is a subsidiary of a financial holding company or a parent bank (“Holding Company”), any substantial shareholder of the Holding Company and every affiliate of such substantial shareholder. Where a “substantial shareholder” is an individual, this term shall include a reference to a family member of the substantial shareholder;
- (b) “financial group” means a group of companies comprising (in the case of a SIB) every company in which the bank acquires or holds, directly or indirectly, a major stake (as defined below); and
- (c) “director group” means a group of persons comprising any director of the bank, every firm or limited liability partnership in which that director is a partner, manager, agent, guarantor or surety, every individual of whom and every company of which that director is a guarantor or surety and every company in which the director (i) is an executive officer; (ii) owns more than half of the total number of issued shares (whether legally or beneficially); (iii) controls more than half of the voting power; or (iv) controls the composition of the board of directors. In this paragraph, reference to “director” would include the director’s spouse, parent and child.

Regulation 24 of the Banking Regulations has prescribed that the MAS may also impose requirements for the purpose of limiting the exposure of the bank to: (a) any officer (other than a director) or employee of the bank or other person who receives remuneration from the bank other than for services rendered to the bank or any company that is treated as part of the bank’s group of companies according to SFRS; and (b) a group of persons, who are financially dependent on one another or where one person (the controlling person) controls every other person in that group, and where at least one of the persons is a counterparty to the bank. For

these purposes, a person is controlled by the controlling person if the person is (i) a person in which the controlling person holds more than half of the total number of issued shares (whether legally or beneficially); (ii) a person in which the controlling person controls more than half of the voting power; (iii) a person in which the controlling person controls the composition of the board of directors; (iv) a subsidiary of a person described in (i) to (iii) above; or (v) a person the policies of which the controlling person is in a position to determine. The MAS issued MAS Notice 639 pursuant to Section 29 of the Banking Act. MAS Notice 639 sets out the limits on a bank in Singapore's exposure to a single counterparty group, the types of exposures to be included in or excluded from these limits, the basis for computation of exposures, the approach for aggregating exposures to counterparties that pose a single risk to the bank, the recognition of credit risk mitigation and aggregating of exposures at the bank group level.

MAS Notice 639 sets out requirements on "large exposures limit" and "substantial exposures limit" to a "single counterparty group" (as respectively defined in MAS Notice 639), on a Solo level and a Group level. Pursuant to MAS Notice 639, the MAS has set out that:

- (a) at Solo level, a SIB shall not permit (i) the aggregate of its exposures to a single counterparty group to exceed 25% or such other percentage of its eligible total capital as may be approved by the MAS; and (ii) the aggregate of exposures exceeding 10% of its eligible total capital to any single counterparty group to exceed 50% or such other percentage of its total exposures as may be approved by the MAS; and
- (b) at Group level, a SIB shall aggregate its exposures to a single counterparty group (other than the exposures to the financial group of the bank) with the exposures of its subsidiaries and the exposures of all other companies treated as part of the bank group to the same counterparty group and shall not permit (i) the aggregate of the exposures of the bank group to a single counterparty group to exceed 25% or such other percentage of the eligible total capital of the bank group as may be approved by the MAS; and (ii) the aggregate of the exposures of the bank group exceeding 10% of the eligible total capital of the bank group to any single counterparty group, to exceed 50% or such other percentage of the bank group's total exposures as may be approved by the MAS.

The term "eligible total capital", in relation to SIBs, has the same meaning as "Eligible Total Capital" in MAS Notice 637, on a Solo level and in relation to a bank group, has the same meaning as "Eligible Total Capital" in MAS Notice 637, on a Group level.

On January 3, 2018, the MAS released a Consultation Paper on Proposed Revisions to the Regulatory Framework for Large Exposures of Singapore-incorporated Banks. The proposed revisions take into account relevant aspects of the "Supervisory framework for measuring and controlling large exposures" published by the Basel Committee in April 2014, and will apply only to SIBs. The MAS intends to implement the proposals from January 1, 2019. Among other things, the MAS has proposed to tighten the capital base of the large exposures limit from eligible total capital to Tier I capital. In relation to the scope of the Group level requirements, the MAS has proposed that a bank aggregate its exposures to a single counterparty group across all entities treated as part of its banking group, with the exclusion of exposures arising from an insurance subsidiary of the SIB. The public consultation closed on February 12, 2018.

Exposures would have to be calculated based on the maximum loss that a bank may incur as a result of the failure of a specified counterparty to meet any of its obligations. See "Business – Assets – Credit Facilities and Exposure Limits".

The MAS has further prescribed for the purposes of Section 35 of the Banking Act that the property sector exposure of a bank in Singapore must not exceed 35% of the total eligible assets of that bank.

On December 29, 2017, the MAS issued the revised MAS Notice 612 on Credit Files, Grading and Provisioning (which took effect on January 1, 2018) in relation to the changes in the recognition and measurement of allowance for credit losses introduced in SFRS(I) 9. The regulatory requirement on minimum impairment provisions for credit-impaired exposures has been removed, and banks are to measure and recognize loss allowances for expected credit losses in accordance with the requirements of SFRS(I) 9. In addition, SIBs which are designated by the MAS as D-SIBs are to maintain Minimum Regulatory Loss Allowances. Where the Accounting Loss Allowance falls below the Minimum Regulatory Loss Allowance, a D-SIB is required to recognize the additional loss allowance by establishing a non-distributable RLAR through appropriation of retained earnings.

A revised MAS Notice 643 on Transactions with Related Parties (dated November 21, 2016) ("**MAS Notice 643**") was issued by the MAS pursuant to Section 55(1) of the Banking Act. MAS Notice 643 sets out requirements relating to transactions of banks in Singapore with related parties and responsibilities of banks in relation to transactions of entities in the bank's group with related parties, which seek to minimize the risk of abuses arising from conflicts of interest. The MAS further revised MAS Notice 643 on November 21, 2016 as a result of two consultation papers. The MAS has indicated that MAS Notice 643 will take effect from November 21, 2018.

In addition, the Banking (Amendment) Act 2016 (the "**Banking Amendment Act**") was gazetted on May 23, 2017, although it is not yet in force. The Banking Amendment Act will introduce powers enabling the MAS to prohibit, restrict or direct a bank to terminate any transaction that the bank enters into with its related parties if it is deemed to be detrimental to depositors' interests.

A bank in Singapore is prohibited from carrying on or entering into any partnership, joint venture or other arrangement with any person to carry on any business except:

- (a) banking business;
- (b) business which is regulated or authorized by the MAS or, if carried on in Singapore, would be regulated or authorized by the MAS under any written law;
- (c) business which is incidental to (a) or (b);
- (d) business or a class of business prescribed by the MAS; or
- (e) any other business approved by the MAS.

A bank in Singapore, either directly or through any subsidiary of the bank or any other company in the bank group, can hold any beneficial interest in the share capital of a company (and such other investment, interest or right as may be prescribed by the MAS) ("**equity investment**"), whether involved in financial business or not, so long as such equity investment does not exceed in the aggregate 2% of the capital funds of the bank or such other percentage as the MAS may prescribe. Such a restriction on a bank's equity investment does not apply to any interest held by way of security in the ordinary course of the bank's business or to any shareholding or interest acquired or held by a bank in the course of satisfaction of debts due to the bank, where such interest is disposed of at the earliest suitable opportunity. In addition, any major stake approved by the MAS under Section 32 of the Banking Act and any equity investment in a single company

acquired or held by a bank when acting as a stabilizing manager in relation to an offer of securities issued by the company will not be subject to the restrictions on equity investment described above.

A bank in Singapore cannot hold or acquire, directly or indirectly, a major stake in any company without first obtaining the prior approval of the MAS. A “**major stake**” means: (i) any beneficial interest exceeding 10% of the total number of issued shares in a company; (ii) control over more than 10% of the voting power in a company; or (iii) any interest in a company, where directors of the company are accustomed or under an obligation, whether formal or informal, to act in accordance with the bank’s directions, instructions or wishes, or where the bank is in a position to determine the policy of the company. The Banking Amendment Act will amend the major stake provisions to clarify that the requirement applies to major stakes in any entity, including unincorporated bodies. On February 7, 2017, the MAS also issued a Consultation Paper on the Amendments to Banking Regulations and Banking (Corporate Governance) Regulations which sets out the proposed amendments to the Banking Regulations and Banking (Corporate Governance) Regulations, which are necessary to support the amendments in the Banking Amendment Act.

No bank in Singapore shall hold or acquire, directly or through a subsidiary of the bank or any other company in the bank group, interests in or rights over immovable property, wherever situated, the value of which exceeds in the aggregate 20% of the capital funds of the bank or such other percentage as the MAS may prescribe. A bank is not allowed to engage in property development or management except when it is carrying on property management services in relation to investment properties that are owned by the bank or any company in which the bank has acquired or holds a major stake (in this paragraph, “**financial group**”), properties that have been foreclosed by the financial group in satisfaction of debts owed to it and properties occupied and used in the business of the financial group.

On September 29, 2017, the MAS released a Consultation Paper on the Review of Anti-Commingling Framework for Banks which proposes to refine the anti-commingling framework for banks in two key aspects, including streamlining the conditions and requirements under regulation 23G of the Banking Regulations so as to make it easier for banks to conduct or invest in permissible non-financial businesses that are related or complementary to their core financial businesses, and allowing banks to broaden their ability to provide a fuller suite of services to their customers.

With effect from December 31, 2013, SIBs are permitted to issue covered bonds subject to conditions under MAS Notice 648. The aggregate value of assets in the cover pools for all covered bonds issued by the bank and special purpose vehicles on behalf of the bank must not exceed 4% of the value of the total assets of the bank at all times. The total assets of the bank include the assets of the overseas branches of the bank incorporated in Singapore but not its subsidiaries, whether in Singapore or overseas. MAS Notice 648 was amended on June 4, 2015 to refine the regulatory framework governing covered bond issuance and grant further operational flexibility to banks seeking to issue covered bonds in Singapore.

Corporate Governance Regulations and Guidelines

The Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are Incorporated in Singapore (dated April 3, 2013) (the “**Guidelines**”) comprises the Code of Corporate Governance 2012 for companies listed on the SGX-ST and supplementary principles and guidelines from the MAS. The Guidelines and the Banking (Corporate Governance) Regulations 2005, define what is meant by an independent director and set out the requirements for the composition of the board of

directors and board committees, such as the Nominating Committee, Remuneration Committee, Audit Committee and Risk Management Committee. The Guidelines also set out, *inter alia*, the principle that there should be a clear division of responsibilities between the leadership of the board of directors of a bank and the executive responsibilities of a bank, as well as the principle that there should be a strong and independent element on the board of directors of a bank, which is able to exercise objective judgment on corporate affairs independently, in particular, from the management of the bank and 10% shareholders of the bank (as defined in the Guidelines). The Guidelines also encourage the separation of the roles of Chairman and CEO and outline how this is to be applied. The Guidelines further set out the principle that the board of directors of a bank should ensure that the bank's related party transactions are undertaken on an arm's length basis.

Other Requirements

The MAS issues licenses under the Banking Act to banks to transact banking business in Singapore. Such licenses may be revoked if the MAS is satisfied, among other things, that the bank: (a) is carrying on its business in a manner likely to be detrimental to the interests of the depositors of the bank or has insufficient assets to cover its liabilities to its depositors or the public; (b) is contravening the provisions of the Banking Act; or (c) has been convicted of any offense under the Banking Act or any of its directors or officers holding a managerial or executive position has been convicted of any offense under the Banking Act.

In the event of the winding up of a bank, the following liabilities in Singapore of the bank shall, amongst themselves, rank in the following order of priority: (i) firstly, any premium contributions due and payable by the bank under the Deposit Insurance and Policy Owners' Protection Schemes Act, Chapter 77B of Singapore (the "**Deposit Insurance and Policy Owners' Protection Schemes Act**"); (ii) secondly, liabilities incurred by the bank in respect of insured deposits, up to the amount of compensation paid or payable out of the Deposit Insurance Fund by the Singapore Deposit Insurance Corporation Limited under the Deposit Insurance and Policy Owners' Protection Schemes Act in respect of such insured deposits; (iii) thirdly, deposit liabilities incurred by the bank with non-bank customers, other than those specified in paragraph (ii) above and paragraph (iv) below; and (iv) fourthly, deposit liabilities incurred by the bank with non-bank customers when operating an Asian Currency Unit approved under the Banking Act. As between liabilities of the same class referred to in each of paragraphs (i) to (iv) above, such liabilities shall rank equally between themselves. The liabilities specified above shall have priority over all unsecured liabilities of the bank other than the preferential debts specified in Section 328(1) of the Companies Act.

On August 4, 2017, the MAS issued the Consultation Paper on Proposed Enhancements to the Deposit Insurance Scheme and Legislative Amendments to the Deposit Insurance and Policy Owners' Protection Schemes Act and Regulations which sets out recommendations to enhance various features of the DI Scheme. Among other things, the MAS proposes to amend the Deposit Insurance and Policy Owners' Protection Schemes Act to effect changes previously proposed in earlier consultations, issued on April 18, 2017 and September 11, 2014, such as the definition of "personal" insurance policy and the introduction of caps on compensation payout for certain property damage claims.

The Banking Amendment Act will require banks to inform the MAS of any development that materially affects the bank adversely, and in the case of Singapore-incorporated banks, any development that materially affects the bank or its related entities adversely. The Banking Amendment Act will formalize the MAS's expectation for banks to institute risk management systems and controls that are commensurate with their business profiles and operations.

Currently, banks in Singapore have to maintain separate accounting units for their domestic banking unit (“**DBU**”) and their Asian currency unit (“**ACU**”). The MAS announced in June 2015 that it will remove the DBU-ACU divide. On August 31, 2015, the MAS issued a consultation paper entitled “Removing the DBU-ACU Divide – Implementation Issues”, setting out the proposed consequential amendments to regulatory requirements following the removal of the DBU-ACU divide. In particular, the MAS proposed to make consequential amendments to Section 62 of the Banking Act to remove references to the ACU and to provide instead that Singapore dollar deposit liabilities incurred by the bank with non-bank customers would rank above foreign currency denominated deposit liabilities incurred by the bank with non-bank customers (but behind premium contributions under the Deposit Insurance and Policy Owners’ Protection Schemes Act and liabilities in respect of insured deposits). On February 10, 2017, the MAS issued the Response to Feedback Received on Removing the DBU-ACU Divide – Implementation Issues. Among other things, the MAS noted that the removal of the DBU-ACU divide would require significant amendments to changes in banks’ regulatory reporting systems. In this regard, the MAS issued an updated MAS Notice to Banks No. 610 “Submission of Statistics and Returns” on May 17, 2018, that will take effect from October 1, 2020, providing a 30-month implementation timeline. The MAS will extend the same timeline to banks for the implementation of changes relating to the removal of the DBU-ACU divide.

Resolution Powers

Under the MAS Act and the Banking Act, the MAS has resolution powers in respect of Singapore licensed banks. Broadly speaking, the MAS has powers to (amongst other things) assume control of a bank, impose moratoriums and/or order transfers of business.

The MAS has published a series of consultation papers on proposed enhancements to the resolution regime for financial institutions in Singapore. These consultation papers contain proposals to enhance the MAS’s resolution powers in areas such as recovery and resolution planning, temporary stays on termination rights, statutory bail-in powers, cross-border recognition of resolution actions, creditor compensation framework and resolution funding arrangements. The MAS Amendment Act was gazetted on August 1, 2017 and incorporates the proposed legislative amendments to enhance the resolution regime, but is only partially in force (including, the MAS powers relating to recovery and resolution planning which have come into force on June 5, 2018). The draft regulations, notice and guidelines have also yet to be finalized, although the MAS has now issued a Consultation Paper on Proposed Regulations to Enhance the Resolution Regime for Financial Institutions in Singapore on July 18, 2018. With regard to the statutory bail-in powers, the MAS has proposed:

- (a) to apply the statutory bail-in powers to Singapore-incorporated banks and bank holding companies;
- (b) that the statutory bail-in regime be applied to unsecured subordinated liabilities, issued or contracted after the effective date of the relevant legislative amendments implementing the statutory bail-in regime; and
- (c) that statutory powers be introduced for the MAS to bail-in contingent convertible instruments and contractual bail-in instruments, issued or contracted after the effective date of the relevant legislative amendments implementing the statutory regime, whose terms had not been triggered prior to entry into resolution.

Examinations and Reporting Arrangements for Banks

The MAS conducts on-site examinations of banks. Banks are also subject to annual audit by an external auditor approved by the MAS, who, aside from the annual balance sheet and profit and loss account must report to the MAS immediately if in the course of the performance of his duties as an auditor of the bank, he is satisfied that: (a) there has been a serious breach or non-observance of the provisions of the Banking Act or that otherwise a criminal offense involving fraud or dishonesty has been committed; (b) losses have been incurred which reduce the capital funds of the bank by 50%; (c) serious irregularities have occurred, including irregularities that jeopardize the security of the creditors; or (d) he is unable to confirm that the claims of creditors are still covered by the assets.

On July 17, 2018, the MAS issued MAS Notice 615 on Appointment of Auditors, pursuant to which banks incorporated and headquartered in Singapore will have to conduct a public tender for the reappointment of an auditor who has been appointed for a period of 10 or more consecutive financial years following the last conduct of a public tender. Separately, the Banking Amendment Act will empower the MAS to direct banks to remove their external auditors if they have not discharged their statutory duties satisfactorily. All banks in Singapore are required to submit periodic statistical returns, financial reports and auditors' reports to the MAS, including returns covering minimum cash balances and liquidity returns, statements of assets and liabilities and total foreign exchange business transacted.

The MAS may also require ad hoc reports to be submitted.

Directors and Executive Officers of Banks

A bank incorporated in Singapore must not permit a person who is subject to certain circumstances set out in Section 54(1) of the Banking Act (for example where the person is an undischarged bankrupt, whether in Singapore or elsewhere) to act as its executive officer or director without the prior written consent of the MAS. The MAS may also direct the removal of a director or executive officer of a bank incorporated in Singapore on the basis of three grounds set out in section 54(2) of the Banking Act (one of which is where the executive officer or director willfully contravened or willfully caused the bank to contravene any provision of the Banking Act) where MAS thinks that such removal is necessary in the public interest or for the protection of the depositors of the bank.

The Banking Amendment Act will amend the three existing grounds in Section 54(2) for removal of directors and executive officers with ceasing to be fit and proper as a single criterion. The grounds for removal of directors and executive officers will be aligned with the criteria for approving their appointment. Banks will also be required to notify the MAS of any development that could affect the fitness and propriety of their key appointment holders.

Financial Benchmarks

The SFA Amendment Act was gazetted on February 16, 2017, but has not yet come into effect. Among other things, the SFA Amendment Act introduces a legislative framework for the regulation of financial benchmarks through a new Part VIAA in the SFA. The SFA Amendment Act (a) introduces specific criminal and civil sanctions under the SFA for manipulation of any financial benchmark (including SIBOR, SOR and Foreign Exchange spot benchmarks), and (b) subjects the setting of key financial benchmarks to regulatory oversight. The MAS will regulate administrators and submitters of key financial benchmarks and such persons will be subject to regulatory requirements. On April 28, 2017, the MAS issued a Consultation Paper I on Draft Regulations Pursuant to the Securities and Futures Act together with a draft Securities and Futures (Financial Benchmarks) Regulations 2017. The proposed regulations set out admission, ongoing and other requirements which administrators of and submitters to designated

benchmarks would be subject to. However, the MAS has not released its response to feedback received, and the draft regulations may be subject to further changes.

Framework for Systemically Important Banks in Singapore

OCBC was designated as a D-SIB in Singapore on April 30, 2015. The framework for D-SIBs is set out in the MAS's information paper on the MAS's Framework for Impact and Risk Assessment of Financial Institutions (revised in September 2015), which builds on the proposals set out in the MAS Consultation Paper on the Proposed Framework for Systemically Important Banks in Singapore dated June 25, 2014. Broadly, D-SIBs will be subject to more intensive supervision by the MAS than banks which are not so designated. In particular, there is no assurance that the MAS will not impose increased capital adequacy or liquidity requirements on D-SIBs, which may have an adverse effect on OCBC's return on capital and profitability.

Supervision by Other Agencies

Our overseas operations are also supervised by the regulatory agencies in their respective jurisdictions.

Apart from being supervised by the MAS, our stockbroking and futures trading arms are also supervised by the Singapore Exchange Limited.

Singapore Insurance Industry

The MAS also regulates and supervises licensed insurers in Singapore. The insurance regulatory framework in Singapore consists mainly of the Insurance Act, Chapter 142 of Singapore (the "**Insurance Act of Singapore**") and its related regulations, as well as the relevant notices, guidelines, circulars and practice notes issued by the MAS. With effect from April 18, 2013, the Insurance Act of Singapore was amended by the Insurance (Amendment) Act 2013 (No. 11 of 2013) to, *inter alia*, enhance the powers of the MAS under the Insurance Act of Singapore to meet its supervisory objectives, to improve the clarity or consistency of existing policy, to align the Insurance Act of Singapore with other MAS-administered statutes and to repeal certain provisions which have become obsolete. The MAS has issued several consultation papers with proposals to make amendments to certain aspects of the insurance regulatory framework (including to improve the comprehensiveness of the risk coverage and risk sensitivity of the risk-based capital framework for insurers, embark on complete review of the insurance returns to enhance information requirements for its supervisory needs and provide further clarification for completion of returns), which, if implemented, may affect the contents of this section. This section does not address the proposals outlined in the consultation papers issued by the MAS. This section sets out certain key regulations applicable to licensed insurers in the conduct of their insurance business, and does not address the regulatory framework applicable to insurance intermediaries (whether or not agents or employees of licensed insurers) whether in respect of life or non-life policies.

The holding company of a Singapore licensed insurer could also be subject to regulation if required to be approved as a financial holding company under Section 28 of the MAS Act. The requirements pertaining to financial holding companies will be enhanced when the Financial Holding Companies Act 2013 ("**FHC Act**") becomes effective. The FHC Act was gazetted in Parliament on April 8, 2014. The FHC Act was introduced to establish the regulatory framework for designated Singapore-incorporated financial holding companies with one or more Singapore incorporated bank or insurance subsidiaries. The salient provisions in the FHC Act relate to:

- (a) a requirement to provide the MAS with information requested by the MAS for supervision purposes;
- (b) restrictions on the use of the name, logo and trademark of a designated financial holding company;
- (c) restrictions on the activities of a designated financial holding company;
- (d) restrictions on the shareholding and control of a designated financial holding company;
- (e) limits on exposures and investments;
- (f) minimum asset requirements;
- (g) minimum capital and capital adequacy requirements;
- (h) leverage ratio requirements;
- (i) supervision and reporting requirements; and
- (j) approval requirements for the appointment of directors and chief executives.

Some of these requirements remain to be specified in subsidiary legislation or notices to be issued by the MAS, for instance, minimum liquid assets, capital adequacy and leverage ratio.

The FHC Act provides for transition periods for designated financial holding companies to comply with various provisions in the specific provisions and a general power for the Minister for Finance to prescribe by regulations, for a period of two years from the commencement of operation of any provision, transitional provisions consequent on the enactment of that provision.

Great Eastern Holdings is approved as a Financial Holding Company under Section 28 of the MAS Act and is subject to requirements imposed by the MAS. The FHC Act will be applicable to Great Eastern Holdings when it comes into operation. Great Eastern Holdings' subsidiary, Great Eastern Life is incorporated with limited liability in Singapore and is a direct insurer licensed to carry on life insurance business under the Insurance Act of Singapore. Great Eastern Holdings' subsidiary GEG is incorporated with limited liability in Singapore and is a licensed direct insurer under the Insurance Act of Singapore and holds a composite license to carry on both life insurance business and general insurance business. GEG currently only sells general insurance.

Great Eastern Life is included by the Central Provident Fund (“**CPF**”) Board as an insurer under the CPF Investment Scheme, where CPF monies may, subject to certain conditions, be used by CPF members to purchase investment-linked insurance policies issued by Great Eastern Life if such policies are also included under the CPF Investment Scheme.

Exempt Financial Adviser Status of Great Eastern Life

As a company licensed under the Insurance Act of Singapore, Great Eastern Life is an exempt financial adviser under the FAA in relation to (a) advising others (other than advising on corporate finance within the meaning of the SFA) either directly or through publications or writings, and whether in electronic, print or other form, concerning life policies, (b) advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning life policies and (c) arranging of any contract of insurance in respect of life policies. As an exempt financial adviser, Great Eastern Life is subject to certain conduct of business and other requirements applicable under the FAA and its related regulations, notices, guidelines, practice notes, circulars and information papers.

Supervisory Powers of the Monetary Authority of Singapore

Under the Insurance Act of Singapore, the MAS has, among other things, the power to impose conditions on a licensed insurer and may add to, vary or revoke any existing conditions of the license. In addition, the MAS may issue such directions as it may consider necessary for carrying into effect the objects of the Insurance Act of Singapore and may at any time vary, rescind or revoke any such directions. The MAS may also issue such directions to an insurer as it may consider necessary or assume control of and manage such of the business of the insurer as it may determine, or appoint one or more persons as statutory manager to do so, where, among other things, it is satisfied that the affairs of the insurer are being conducted in a manner likely to be detrimental to the public interest or the interests of the policy owners or prejudicial to the interests of the insurer. The MAS is also empowered to cancel the license of an insurer on certain grounds.

Capital Requirements

A licensed insurer is required at all times to maintain a minimum level of paid-up ordinary share capital. A licensed insurer incorporated in Singapore must obtain the prior written approval of the MAS to reduce its paid-up ordinary share capital or redeem any preference share. Further, a licensed insurer which is incorporated in Singapore is required to notify the MAS of its intention to issue any preference share or certain instruments prior to the date of issue of the preference share or instrument. A licensed insurer is also required always to satisfy its capital adequacy requirement, which is that its financial resources must not be less than the greater of:

(a) the sum of:

- (i) the aggregate of the total risk requirement of all insurance funds established and maintained by the insurer under the Insurance Act of Singapore; and
- (ii) where the insurer is incorporated in Singapore, the total risk requirement arising from the assets and liabilities of the insurer that do not belong to any insurance fund established and maintained under the Insurance Act of Singapore (including assets and liabilities of any of the insurer's branches located outside Singapore); or

(b) a minimum amount of S\$5 million.

A licensed insurer is required to immediately notify the MAS when it becomes aware that it has failed, or is likely to fail, to comply with the capital adequacy requirement described above, or that a financial resource warning event has occurred or is likely to occur. A "financial resources warning event" means an event which results in the financial resources of the insurer being less than the higher of (i) 120% of the amount calculated in accordance with paragraph (a) above or (ii) the minimum amount in paragraph (b) above. Each of the "financial resources" of an insurer and the "total risk requirement" is determined, and assets and liabilities are valued, in accordance with the requirements of the Insurance (Valuation and Capital) Regulations 2004, the MAS Guidelines on Valuation of Policy Liabilities of General Business and MAS Notice 319 on Valuation of Policy Liabilities of Life Business and the MAS Guidelines on Use of Internal Models for Liability and Capital Requirements for Life Insurance Products Containing Investment Guarantees with Non-linear Payouts, where applicable. The MAS has the authority to direct that the insurer satisfy capital adequacy requirements other than those that the insurer is required to maintain under the relevant section of the Insurance Act of Singapore if the MAS considers it appropriate. The MAS also has the power to impose directions on the insurer, and direct the insurer to carry on its business in such manner and on such conditions as imposed by the MAS in the event that it is notified of any failure or likely failure, or is aware of any inability, of the insurer to comply with the capital adequacy requirement described above.

The MAS issued the RBC 2 Review on June 22, 2012 followed by a second and third consultation paper on March 26, 2014 and July 15, 2016 respectively. First introduced in 2004, the risk-based capital framework:

- (a) adopts a risk-focused approach to assessing capital adequacy and seeks to reflect the relevant risks that insurers face;
- (b) prescribes minimum capital which serves as a buffer to absorb losses; and
- (c) provides clearer information on the financial strength of insurers and facilitates early and effective intervention by MAS, where necessary.

The MAS has stated that the RBC 2 Review is not intended to result in a significant overhaul to the existing framework. Instead, it seeks to improve the comprehensiveness of the risk coverage and the risk sensitivity of the framework as well as define more specifically the MAS's supervisory approach with respect to the solvency intervention levels. The MAS has also stated that insurers in Singapore are well-capitalized and the objective of RBC 2 is therefore not to raise the industry's overall regulatory capital requirements, but to ensure that the framework for assessing capital adequacy is more aligned to an insurer's business activities and risk profiles. The MAS will work with the industry on the implementation date later after the design is more firmed up. The MAS has noted from previous consultations that the industry has indicated that it would need at least two years after the finalization of the framework to implement RBC 2 and has stated that the industry will be given sufficient time to prepare for the implementation of RBC 2.

The MAS also has the general power to impose asset maintenance requirements.

Policy Owners' Protection Scheme

The Singapore Deposit Insurance Corporation Limited ("**SDIC**") administers the Policy Owners' Protection Scheme (the "**PPF Scheme**") in accordance with the Deposit Insurance and Policy Owners' Protection Schemes Act for the purposes of compensating (in part or whole) or otherwise assisting or protecting insured policy owners and beneficiaries in respect of the insured policies issued by PPF Scheme members and for securing the continuity of insurance for insured policy owners as far as reasonably practicable. PPF Scheme members essentially comprise direct insurers licensed to carry on life business under the Insurance Act of Singapore (other than captive insurers) and direct insurers licensed to carry on general business under the Insurance Act of Singapore (other than captive insurers or specialist insurers), in each case, which are not exempted from the requirement to be a PPF Scheme member.

There are two funds established under the PPF Scheme, namely the Policy Owners' Protection Life Fund (the "**PPF Life Fund**") to cover insured policies comprised in insurance funds established and maintained under Section 17 of the Insurance Act of Singapore by direct insurers licensed to carry on life business and the Policy Owners' Protection General Fund (the "**PPF General Fund**") to cover insured policies comprised in insurance funds established and maintained under Section 17 of the Insurance Act of Singapore by direct insurers licensed to carry on general business.

As PPF Scheme members, each of Great Eastern Life and GEG is required to pay a levy for any premium year or part thereof in respect of the insured policies issued by it. The levy rates for the purposes of computing the levies payable by PPF Scheme members are assessed and determined by the MAS. Where the MAS is of the opinion that there are insufficient moneys in the PPF Life Fund or the PPF General Fund, as the case may be, to pay any compensation due to insured policy owners or beneficiaries, or to fund any transfer or run-off of the insurance business of any failed PPF Scheme member under the Deposit Insurance and Policy Owners'

Protection Schemes Act, the MAS may, with the concurrence of SDIC, require PPF Scheme members to pay additional levies for any premium year or part thereof and determine the levy rate(s) for the purposes of computing the additional levies.

On July 9, 2018, the Deposit Insurance and Policy Owners' Protection Scheme (Amendment) Bill was passed in Parliament. Among other things, the Bill will extend protection under the PPF Scheme to properties owned and used by individuals, even if these properties are sometimes used for commercial purposes. The MAS has stated that it intends to effect the enhancements to the PPF Scheme on April 1, 2019.

Asset Management

MAS Notice 125 on Investments of Insurers sets out the basic principles that govern the oversight of investment activities of an insurer and the investments of its insurance funds, and in the case of an insurer that is incorporated or established in Singapore, the investments of both its insurance funds and its shareholders' funds. It contains requirements relating to, among other things, the oversight by the board of directors and senior management, the various reports to be made by the investment committee to the board of directors at the prescribed frequency, duties of the investment committee, asset-liability management and permitted derivatives activities.

MAS Notice 105 on Appointment of Custodian and Fund Manager, requires a licensed insurer to file with the MAS, a list of all the assets of all insurance funds established and maintained under the Insurance Act of Singapore by the insurer where documents evidencing titles are kept by custodians for the insurer as at the end of that accounting period or a nil return where the licensed insurer as at the end of the accounting period does not have such insurance fund assets or has not as yet established and maintained insurance funds for its policies, to, among other things, exercise due care and diligence when appointing overseas custodians, and to notify the MAS prior to the appointment of a fund manager or revocation of such appointment. The MAS also released a consultation paper in November 2016 on the Review of MAS Notice 105 on Insurers' Appointment of Custodians and Fund Managers. The consultation paper sets out proposals to enhance the requirements for safeguarding assets of insurance funds when insurers appoint custodians and sub-custodians to hold such assets. The revised scope of MAS Notice 105 will be broadened to cover all custodians and sub-custodians, local and overseas. The MAS also intends to refine and streamline the information collected on custodian arrangements.

MAS Notice 320 on Management of Participating Life Insurance Business ("**MAS Notice 320**") requires an insurer which has established or will be establishing a participating fund to put in place an internal governance policy on the management of its participating life insurance business. The insurer must, among other things, ensure that the participating fund is managed in accordance with the rules and guiding principles set out in the internal governance policy.

Under section 30B of the Insurance Act of Singapore, no licensed insurer that is established or incorporated in Singapore shall acquire or hold, directly or indirectly, a major stake in any corporation without the prior approval of the MAS and any approval granted by the MAS may be subject to such conditions as determined by the MAS, including any condition relating to the operations or activities of the corporation.

Separate Accounts Requirement

Every licensed insurer is required to establish and maintain a separate insurance fund (a) for each class of insurance business carried on by the insurer that (i) relates to Singapore policies and (ii) relates to offshore policies; (b) in the case of a direct insurer licensed to carry on life insurance

business, for its investment-linked policies and for its non-investment-linked policies; and (c) if, in the case of a direct insurer licensed to carry on life insurance business, no part of the surplus of assets over liabilities from the insurer's non-participating policies is allocated by the insurer by way of bonus to its participating policies, in respect of its non-investment-linked policies (i) for its participating policies and (ii) for its non-participating policies.

MAS Notice 101 on Maintenance of Insurance Funds and MAS Guidelines on Implementation of Insurance Fund Concept provide further guidance and requirements on, among other things, the establishment and maintenance of insurance funds and the segregation of the assets of licensed insurers in Singapore as required under the Insurance Act of Singapore. The Insurance Act of Singapore also prescribes requirements relating to, among other things, withdrawals from the insurance funds, and insurance funds consisting wholly or partly of participating policies.

The solvency requirement in respect of an insurance fund must at all times be such that the "financial resources" of the fund are not less than the "total risk requirement" of the fund. A licensed insurer is required to immediately notify the MAS when it becomes aware that it has failed, or is likely to fail, to comply with the fund solvency requirement. Each of the "financial resources" of an insurance fund and its "total risk requirement" is determined, and assets and liabilities are valued, in accordance with the requirements of the Insurance (Valuation and Capital) Regulations 2004, the MAS Guidelines on Valuation of Policy Liabilities of General Business, the MAS Notice 319 on Valuation of Policy Liabilities of Life Business and the MAS Guidelines on Use of Internal Models for Liability and Capital Requirements for Life Insurance Products Containing Investment Guarantees with Non-linear Payouts, where applicable. The MAS has the authority to direct that the insurer satisfy fund solvency requirements other than those that the insurer is required to maintain under the relevant Section of the Insurance Act of Singapore if the MAS considers it appropriate. The MAS also has the power to impose directions on the insurer, and direct the insurer to carry on its business in such manner and on such conditions as specified by the MAS in the event that it is notified of any failure or likely failure, or is aware of any inability, of the insurer to comply with the fund solvency requirement described above.

All receipts of the insurer properly attributable to the business to which an insurance fund relates (including the income of the fund) must be paid into that fund, and the assets in the insurance fund shall apply only to meet such part of the insurer's liabilities and expenses as is properly so attributable.

Reinsurance

MAS Notice 114 on Reinsurance Management sets forth the mandatory requirement for direct insurers to submit annual returns pertaining to their outward reinsurance arrangements and exposures to their top 10 reinsurance counterparties as well as the guiding principles relating to the oversight of the reinsurance management process of insurers (which includes the principle that the board of directors and senior management of an insurer should develop, implement and maintain a reinsurance management strategy appropriate to the operations of the insurer to ensure that the insurer has sufficient resources to meet obligations as they fall due), the classification of a contract as a reinsurance contract, and the assessment of significant insurance risk transfer. In addition, the MAS has issued MAS Guidelines on Risk Management Practices for Insurance Business – Core Activities, which provide further guidance on risk management practices in general, relating to, among other things, reinsurance management.

Regulation of Products

A direct insurer licensed to carry on life business may only issue a life policy or a long-term accident and health policy if the premium chargeable under the policy is in accordance with rates fixed with the approval of an appointed actuary or, where no rates have been so fixed, is a premium approved by the actuary.

An insurer is required under MAS Notice 302 on Product Development and Pricing (“**MAS Notice 302**”) to exercise prudent management oversight on the pricing and development of insurance products and investment-linked policy sub-funds, and to, before offering certain new products, either obtain the approval of, or notify, the MAS, as the case may be. Such request for approval or notification shall include information on, among other things, the tables of premium rates. MAS Notice 302 also sets forth prohibited payout features and requirements relating to disclosure to policyholders and persons entitled to payment of the policy moneys under a policy who have exercised a certain settlement option. MAS Notice 302 has been amended to take into account the approval requirements which apply to the Direct Purchase Insurance Products (“**DPIs**”). In relation to DPIs, the MAS issued MAS Notice 321 on Direct Purchase Insurance Products (“**MAS Notice 321**”) on May 13, 2016 which imposes specific obligations on an insurer in respect of DPIs and also requires insurers to obtain written approval from the MAS before offering any new or re-priced DPI for sale to the public.

In addition, the MAS has issued the MAS Guidelines on Risk Management Practices for Insurance Business – Core Activities, which provide further guidance on risk management practices in general, relating to, among other things, product development and pricing.

There are also mandatory requirements and non-mandatory standards which would apply under MAS Notice 307 on Investment-Linked Policies to investment-linked policies relating to, among other things, disclosure, investment guidelines, borrowing limits and operational practices. Licensed insurers are required to provide for a free-look period for life policies, and accident and health policies with a duration of one year or more.

Market Conduct Standards

MAS Notice 306 on Market Conduct Standards for Life Insurers Providing Financial Advisory Services as Defined under the Financial Advisers Act (“**MAS Notice 306**”) imposes certain requirements on direct life insurers which provide financial advisory services under the FAA relating to, among other things, training and competency requirements, prohibition against subsidized loans to representatives out of life insurance funds, establishing a compliance unit, taking disciplinary action against representatives for misconduct, and allocation/non-allocation of income and expenses to the life insurance funds. The MAS Notice 318 on Market Conduct Standards for Direct Life Insurer as a Product Provider (“**MAS Notice 318**”) also imposes certain requirements on direct life insurers as product providers of life policies relating to, among other things, standards of disclosure and restrictions on the sales process and the replacement of life policies, as well as certain non-mandatory standards of disclosure.

MAS Notice 211 on Minimum and Best Practice Training and Competency Standards for Direct General Insurers requires direct general insurers to only enter into insurance contracts arranged by agents or staff with requisite registration and minimum qualification requirements (unless exemptions apply), and requires direct general insurers to ensure that staff of certain agents who sell or provide sales advice on the insurers’ products are adequately trained and that front-end operatives meet the qualification requirements (unless exemptions apply) before they are allowed to provide sales advice on or sell general insurance products or handle claims. MAS Notice 211 was also revised as of July 6, 2015 to (among other things) clarify that the requirements similarly apply to outsourced claims handlers, with the amendments taking effect on July 20, 2015. Non-mandatory best practice standards apply to direct general insurers to

implement training and competency plans for front-end operatives. The MAS Guidelines on Market Conduct Standards and Service Standards for Direct General Insurers set out the standards of conduct expected of direct general insurers as product providers of insurance policies.

In respect of health insurance products, direct insurers must ensure, among other things, that any individual employed by them or who acts as their insurance agent or appointed representative pass the examination requirements specified in MAS Notice 117 on Training and Competency Requirement: Health Insurance Module (unless exemptions apply) and are prohibited from accepting business in respect of any health insurance product from any individual whom they employ or who acts as their insurance agent and who has not met such requirements. The MAS Notice 120 on Disclosure and Advisory Process Requirements for Accident and Health Insurance Products sets out both mandatory requirements and best practice standards on the disclosure of information and provision of advice to insureds for accident and health policies and life policies that provide accident and health benefits. In 2015, the MAS reviewed the regulatory framework for accident and health insurance products and amended MAS Notices 117 and 120. The changes largely pertain to Medisave-approved Integrated Shield Plans (“IPs”) but extend in part to all accident and health policies. The changes include enhanced disclosure requirements, stronger protection measures for policyholders, and improved quality of conduct of intermediaries selling accident and health insurance.

MAS Notice 320 on Management of Participating Life Insurance Business requires a direct life insurer to comply with certain disclosure requirements for product summaries, and annual bonus updates, in relation to its participating policies.

The Insurance (Remuneration) Regulations 2015, which came into force on January 1, 2016, set out certain requirements in connection with the payment of remuneration in relation to the provision of any financial advisory service in connection with any life policy, or the sale of any life policy following the provision of any financial advisory service.

The MAS implemented financial advisory industry review (“**FAIR**”) initiatives such as a web aggregator, which allows consumers to compare life insurance products from various companies using a web portal, and direct channel purchase in April 2015. The re-issuance of MAS Notice 322 on Information to be Submitted Relating to the Web-Aggregator (“**MAS Notice 322**”) has come into effect on January 1, 2016, specifically detailing the information required to be submitted to the web-aggregator.

Pursuant to the Public Consultation on the Recommendations of FAIR on March 5, 2013, and MAS’ issuance of its response on September 30, 2013, the MAS revised a number of Notices and Guidelines on June 29, 2018, including MAS Notice 302, MAS Notice 318, MAS Notice 320 and MAS Notice 322, to include additional disclosure requirements on, among other things, the net investment returns and total expense ratios for participating policies, illustrated yield at maturity in relation to an endowment insurance product and illustrated yield upon surrender in relation to a whole life insurance product.

Various industry codes of practice also apply to insurers, including codes/guidelines issued by the Life Insurance Association of Singapore and the General Insurance Association of Singapore.

In addition, there are rules in the Insurance Act of Singapore and the relevant regulations, notices, guidelines and circulars relating to the granting of loans, advances and credit facilities by insurers, which insurers have to comply with if they conduct such activities.

Corporate Governance

Direct insurers that are incorporated in Singapore are subject to the MAS Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are Incorporated in Singapore. These guidelines provide guidance on best practices that certain financial institutions, including direct insurers that are incorporated in Singapore, should strive to achieve in relation to their corporate governance. The guidelines in Annex 1 thereto comprise the Code of Corporate Governance 2012 for companies listed on the **SGX-ST** and supplementary principles and guidelines added by the MAS to take into account the unique characteristics of the business of, among other things, insurance. These financial institutions are expected to observe the guidelines in Annex 1 to the fullest extent possible. Financial institutions which are not listed on the **SGX-ST** should disclose their corporate governance practices and explain deviations from the guidelines on their websites.

In addition, all direct insurers which are incorporated in Singapore (other than marine mutual insurers) are subject to the Insurance (Corporate Governance) Regulations 2013. Among other things, these regulations require an insurer which is established or incorporated in Singapore and in the case of:

- (a) a direct life insurer, which has total assets of at least S\$5,000 million or its equivalent in any foreign currency;
- (b) a direct composite insurer, which has (A) total assets of at least S\$5,000 million or its equivalent in any foreign currency or (B) for its general business, gross premiums of at least S\$500 million or its equivalent in any foreign currency in its insurance funds and income and outgoings of the operations of all its branches located outside Singapore,

(each a “**Tier I insurer**”) to, subject to certain exceptions, have a board of directors comprising at least a majority of directors who are “independent directors”, establish various committees with prescribed responsibilities, and obtain the MAS’s prior approval for the appointment of the members of the nominating committee, chief financial officer and chief risk officer. “Independent directors” are directors who are independent from any management and business relationship with the insurer and from any substantial shareholder of the insurer and who have not served on the board of directors of the insurer for a continuous period of nine years or longer. Great Eastern Life and GEG are both Tier I insurers.

Asset and Liability Exposures

MAS Notice 122 on Asset & Liability Exposures for Insurers sets forth various asset and liability exposures reporting requirements and prescribes the form in which the relevant reports are to be made.

A licensed insurer is required to file, among other things, the following with the MAS (i) for each quarter, the breakdown of equity securities, breakdown of debt securities, breakdown of loans, breakdown of cash and deposits, breakdown of derivatives, turnover volume of derivatives, breakdown of foreign currency exposure for assets and liabilities and top 10 broker groups with the highest outstanding premiums due, and (ii) annually, the breakdown of assets managed by head office/parent/outsourced entity, breakdown of insurance exposure of Singapore Insurance General Fund and breakdown of insurance exposure of Offshore Insurance (Life and General) Fund.

Risk Management and Fit and Proper Person

Broadly, the MAS has issued risk management guidelines applicable to insurers specifically and to financial institutions generally which would apply to licensed insurers.

MAS Notice 126 on Enterprise Risk Management (“ERM”) for Insurers sets out ERM requirements and guidelines on how insurers are to identify and manage interdependencies between key risks, and how they are translated into management actions related to strategic and capital planning matters.

MAS Notice 127 on Technology Risk Management sets out requirements relating to technology risk management for licensed insurers. These include requirements for the insurer to have in place a framework and process to identify critical systems, to make all reasonable effort to maintain high availability for critical systems, to establish a recovery time objective of not more than four hours for each critical system, to notify the MAS of a system malfunction or IT security incident, which has a severe and widespread impact on the insurer’s operations or materially impacts the insurer’s service to its customers, to submit a root cause and impact analysis report to the MAS and to implement IT controls to protect customer information from unauthorized access or disclosure.

MAS Technology Risk Management Guidelines set out risk management principles and best practice standards to guide financial institutions (including licensed insurers) in respect of (a) establishing a sound and robust technology risk management framework, (b) strengthening system security, reliability, resiliency, and recoverability, and (c) deploying strong authentication to protect customer data, transactions and systems. Senior officers who have direct knowledge of a financial institution’s information systems and operations should complete a prescribed compliance checklist each year. The MAS has also issued circulars on particular aspects of technology risk management.

Under the MAS Guidelines on Fit and Proper Criteria, the following persons, among others, are required to be “fit and proper” persons: a substantial shareholder of a licensed insurer, a principal officer or director of a licensed insurer, a person having effective control of a licensed insurer, a person having control of a licensed insurer, an appointed actuary, a certifying actuary, and an exempt financial institution and its representatives in relation to activities regulated by the MAS under the FAA. Broadly, the MAS will take into account, among other things, the following criteria in considering whether a person is fit and proper: (i) honesty, integrity and reputation; (ii) competence and capability; and (iii) financial soundness. While the Guidelines have not been updated to take into account the amendments brought about by the Insurance (Amendment) Act 2013, it is expected that the requirements in the Guidelines should be interpreted in a manner consistent with the Insurance (Amendment) Act 2013.

Appointment of Chairman, Directors and Key Executive Persons

A licensed insurer established or incorporated in Singapore must, prior to appointing a person as its chairman, director or key executive person (such persons include the chief executive, deputy chief executive, appointed actuary, certifying actuary, chief financial officer of a Tier I insurer, chief risk officer of a Tier I insurer and such other person holding an appointment in the licensed insurer as may be prescribed), satisfy the MAS that the person is a fit and proper person to be so appointed and obtain the MAS’s approval for the appointment. Without the prior written consent of the MAS, a licensed insurer which is established or incorporated in Singapore must not permit a person to act as its executive officer or director if the person, among other things, has been convicted, whether in Singapore or elsewhere, of an offense involving fraud or dishonesty, or is an undischarged bankrupt, whether in Singapore or elsewhere.

MAS Notice 106 on Appointment of Director, Chairman and Key Executive Person sets out mandatory requirements and guidelines relating to the appointment of a director, chairman and key executive person of a licensed insurer. In addition, MAS Notice 106 prescribes the application form for the appointment of directors, chairman and key executive persons, and the form for licensed insurers to notify the MAS of changes in the roles and responsibilities or reporting structure of directors and key executive persons.

If at any time it appears to the MAS that (a) a key executive person, the chairman or a director of a licensed insurer which is established or incorporated in Singapore has failed to perform his functions or is no longer a fit and proper person to be so appointed and (b) it is necessary in the public interest or for the protection of policy owners of a licensed insurer, the MAS may direct the licensed insurer to remove the key executive person, chairman or director, as the case may be, from his office, appointment or employment.

Financial Reporting Requirements

The Insurance (Accounts and Statements) Regulations 2004 sets forth various reporting requirements and prescribes the form in which the relevant statements of account and other statements of a licensed insurer are to be made. In respect of insurance returns, the MAS stated in Circular No. ID13/17 issued on December 15, 2017 that it intends to defer the implementation of revised submission requirements and insurance returns, which were appended to the MAS's response to feedback received (dated June 28, 2016) on the Consultation Paper on Review of Insurance Returns, to January 1, 2019.

A licensed insurer incorporated in Singapore carrying on life or both life and general business is required to file, among other things, the following with the MAS (i) for each quarter and each accounting period, statements for each insurance fund established and maintained under the Insurance Act of Singapore, in respect of its life business and general business, (ii) for each quarter in respect of its global business operations, a balance sheet as at the end of that quarter, (iii) for each accounting period in respect of its global business operations, a balance sheet as at the end of that accounting period and a profit and loss account, (iv) for each accounting period, the reports by an actuary on his investigation of policy liabilities respect of its life insurance business and general insurance business, (v) for each quarter and each accounting period, statements on the fund solvency requirement and capital adequacy requirement, (vi) an auditor's report and supplementary report (if any), (vii) an annual report for each financial year and (viii) any other information the MAS may require for the discharge of its functions under the Insurance Act of Singapore.

In addition, MAS Notice 306 and MAS Notice 318 require direct life insurers to submit information on their businesses to the MAS annually or (in the case of MAS Notice 306) a nil return. Further, MAS Notice 318 requires direct life insurers to submit information on source of business to the MAS annually.

Appointment of auditors

A licensed insurer (other than a captive insurer and a marine mutual insurer) is required to appoint an auditor annually for the purposes of preparing and lodging with the MAS the requisite statements of accounts and other statements relating to its business. No person shall act as auditor for a licensed insurer unless, among other things, the insurer has obtained the approval of the MAS to appoint that person as an auditor.

Actuaries

A licensed insurer carrying on life and general business is also required, for each accounting period, to have an investigation made by an actuary approved by the MAS into the financial condition of each class of business that it carries on. Actuaries must be approved by the MAS. A direct insurer licensed to carry on life and general business shall have appointed an actuary and a certifying actuary, in each case, who is responsible for, among other things, reporting to the chief executive of the insurer on various matters including matters which in the actuary's opinion have a material adverse effect on the financial condition of the insurer in respect of its life or general business, or both, as the case may be. If the appointed actuary or certifying actuary, as the case may be, is of the opinion that the insurer has failed to take appropriate steps to rectify any matter reported by the actuary within a reasonable time, the actuary is required to immediately send a copy of his report to the MAS and notify the board of directors of the insurer that he has done so.

Public Disclosure

Licensed insurers are subject to MAS Notice 124 on Public Disclosure Requirements ("MAS Notice 124") which sets out requirements for an insurer to disclose relevant, comprehensive and adequate information on a timely basis in order to give a clear view of its business activities, performance and financial position. MAS Notice 124 require an insurer to disclose quantitative and qualitative information on its profile, governance and controls, financial position, technical performance and the risks to which it is subject.

Digital Advisory Services

In June 2017, the MAS issued a Consultation Paper on the Provision of Digital Advisory Services and has indicated that digital advisers seeking to offer their platforms to investors in Singapore will have to be licensed for fund management or dealing in securities under the SFA and/or providing financial advice on investment products under the FAA. The type of licensing depends on the operating model of the digital adviser. The consultation paper discusses the unique characteristics of digital advisers and sets out the MAS's expectations on the Board and Senior Management to address the risks posed covering governance and supervision of algorithms. The consultation paper also discusses the proposed legislative changes to facilitate the provision of digital advisory services, and covers the suitability of advice, portfolio management and execution of investment transactions."