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## No. S 355

### SECURITIES AND FUTURES ACT 2001

#### SECURITIES AND FUTURES (CORPORATE GOVERNANCE OF APPROVED EXCHANGES, APPROVED CLEARING HOUSES, LICENSED TRADE REPOSITORIES AND APPROVED HOLDING COMPANIES) REGULATIONS 2024

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In exercise of the powers conferred by sections 44, 46ZJ, 81Q and 81ZK of the Securities and Futures Act 2001, the Monetary Authority of Singapore makes the following Regulations:

## PART 1

## PRELIMINARY

**Citation and commencement**

1. These Regulations are the Securities and Futures (Corporate Governance of Approved Exchanges, Approved Clearing Houses, Licensed Trade Repositories and Approved Holding Companies) Regulations 2024 and come into operation on 15 July 2024.

**Definitions**

2.—(1) In these Regulations —

“associated corporation” —

(a) in relation to a corporation (X), means —

- (i) any corporation (Y) in which X or its subsidiary has, or X and its subsidiary together have, an interest in shares entitling the beneficial owners thereof the right to cast, whether by proxy or in person, not less than 20% but not more than 50% of the total votes able to be cast at a general meeting of Y;  
or

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- (ii) any corporation, other than a subsidiary of X or a corporation which is an associated corporation by virtue of paragraph (a), the policies of which X or its subsidiary is, or X together with its subsidiary are, able to control or influence materially; and
- (b) in relation to an individual, means —
- (i) any corporation in which the individual controls the composition of the board of directors;
  - (ii) any corporation in which the individual controls more than half of the voting power;
  - (iii) any corporation in which the individual holds more than half of the issued share capital; or
  - (iv) any corporation in which the individual is, or the associates of the individual are, or the individual and his or her associates are, entitled to exercise or control the exercise of not less than 20% of the voting power;

“Audit Committee” means an Audit Committee mentioned in regulation 14;

“board committee” means any of the committees mentioned in regulation 8(1) or the Executive Committee mentioned in regulation 7;

“chief regulatory officer”, in relation to a regulated institution other than a licensed trade repository and an approved holding company of a licensed trade repository, means any person, by whatever name described, who is —

- (a) in the direct employment of, or acting for or by arrangement with, the regulated institution; and
- (b) principally responsible for overseeing regulatory issues and putting in place processes to manage any perceived or actual conflicts of interest arising from

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the regulatory and commercial functions of the regulatory institution;

“chief risk officer”, in relation to a regulated institution, means any person, by whatever name described, who is —

- (a) in the direct employment of, or acting for or by arrangement with, the regulated institution; and
- (b) principally responsible for managing the risk management systems and putting in place processes to identify, measure, monitor, control and report risks of the regulated institution;

“Conflicts Committee” means a Conflicts Committee mentioned in regulation 15;

“executive director” means a director who is concurrently an executive officer, and “non-executive director” is construed accordingly;

“executive officer”, in relation to a corporation, means any person, by whatever name described, who —

- (a) is in the direct employment of, or acting for or by arrangement with, the corporation; and
- (b) is concerned with, or takes part in, the management of the corporation on a day-to-day basis;

“independent director”, in relation to a regulated institution, means a director who —

- (a) is independent from any management and business relationship with the regulated institution;
- (b) is independent from any substantial shareholder of the regulated institution; and
- (c) has not served on the board of the regulated institution for a continuous period of 9 years or longer;

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“member” —

- (a) in relation to an approved exchange or an approved clearing house, has the same meaning given by section 2(1) of the Act; and
- (b) in relation to an approved holding company, means a person who holds membership of any class or description in an approved exchange or an approved clearing house of which the approved holding company is the holding company;

“Nominating Committee” means a Nominating Committee mentioned in regulation 9;

“permanent resident” means any individual who is not subject to any restriction as to his or her period of residence in Singapore imposed under the provisions of any written law relating to immigration for the time being in force;

“regulated institution” means an approved exchange, an approved clearing house, a licensed trade repository or an approved holding company;

“Remuneration Committee” means a Remuneration Committee mentioned in regulation 13;

“Risk Management Committee” means a Risk Management Committee mentioned in regulation 16;

(2) In these Regulations, in relation to a company that has dispensed with the holding of annual general meetings under section 175A of the Companies Act 1967 —

- (a) a reference to the doing of anything at an annual general meeting of the company is a reference to the doing of that thing by way of a resolution by written means in accordance with the Companies Act 1967; and
- (b) a reference to the date of an annual general meeting of the company is, unless the meeting is held, a reference to the date of expiry of the period within which the meeting is required by law to be held.

(3) In these Regulations, a reference to a member of the immediate family of an individual is a reference to the individual's spouse, child, adopted child, stepchild, parent, step-parent, brother, stepbrother, sister or stepsister.

## PART 2

### GOVERNANCE OF REGULATED INSTITUTIONS

#### **Independence from management and business relationships**

3.—(1) In these Regulations, subject to regulation 5, a director is considered to be independent from management and business relationships with a regulated institution if —

- (a) the director has no management relationship with the regulated institution or any of its subsidiaries; and
- (b) the director has no business relationship with the regulated institution or any of its subsidiaries, or with any officer of the regulated institution,

that could interfere, or be reasonably regarded as interfering, with the exercise of the director's independent business judgment with regard to the interest of the regulated institution.

(2) Without limiting paragraph (1)(a), a director is not considered to be independent from management relationships with a regulated institution or any of its subsidiaries if —

- (a) he or she is employed by the regulated institution or any of its subsidiaries, or has been so employed at any time during the current financial year or any of the preceding 3 financial years of the regulated institution or any of its subsidiaries;
- (b) any member of his or her immediate family —
  - (i) is employed by the regulated institution or any of its subsidiaries as an executive officer whose compensation is determined by the Remuneration Committee of the regulated institution or any of its subsidiaries; or

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- (ii) has been so employed at any time during the current financial year or any of the preceding 3 financial years of the regulated institution or any of its subsidiaries; or
  - (c) he or she is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the regulated institution or any of its subsidiaries.
- (3) Without limiting paragraph (1)(b) but subject to regulation 5 and paragraph (5), a director is not considered to be independent from business relationships with a regulated institution or any of its subsidiaries if —
- (a) he or she is a director, a substantial shareholder or an executive officer of any corporation, or a partner of a firm or a limited liability partnership or a sole proprietor, where the corporation, firm, limited liability partnership or sole proprietor carries on a business for purposes of profit to which the regulated institution or any of its subsidiaries has made, or from which the regulated institution or any of its subsidiaries has received, substantial payments in the current or immediately preceding financial year;
  - (b) he or she is receiving or has received, any compensation from the regulated institution or from any of its subsidiaries, other than compensation received for his or her services as a director or as an employee, at any time during the current or immediately preceding financial year of the regulated institution;
  - (c) he or she is a director or a substantial shareholder of a corporation which is —
    - (i) a member of; or
    - (ii) a related corporation of a member of, the regulated institution or any of its subsidiaries;
  - (d) he or she is employed by, is receiving or has, at any time during the current or immediately preceding financial year

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of the regulated institution, received any compensation from a corporation which is —

- (i) a member of the regulated institution;
- (ii) a related corporation of a member of the regulated institution;
- (iii) a member of a subsidiary of the regulated institution;  
or
- (iv) a related corporation of a member of a subsidiary of the regulated institution,

and, in the case of sub-paragraph (ii) or (iv), he or she is responsible for or engages in the activities of the member;  
or

- (e) any member of his or her immediate family is —
  - (i) a director or a substantial shareholder of a corporation which is a member of —
    - (A) the regulated institution; or
    - (B) any of the subsidiaries of the regulated institution; or
  - (ii) employed by a corporation which is a member of —
    - (A) the regulated institution; or
    - (B) any of the subsidiaries of the regulated institution,  
as an executive officer whose compensation is determined by the Remuneration Committee of that corporation.

(4) For the purposes of paragraph (3)(a), “payments” does not include payments for transactions involving standard services with published rates, or for routine or retail transactions or relationships, unless special or favourable treatment is accorded.

(5) Paragraph (3)(c), (d) and (e) does not apply to a director of a regulated institution that is —

- (a) a licensed trade repository; or



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- (b) an approved holding company of a licensed trade repository which is not also a holding company of an approved exchange or an approved clearing house.

### **Independence from substantial shareholder**

4.—(1) In these Regulations, subject to regulation 5, a director of a regulated institution is considered to be independent from a substantial shareholder of the regulated institution if he or she is not a substantial shareholder and is not connected to that substantial shareholder.

(2) Without limiting paragraph (1) but subject to regulation 5, a director is connected to a substantial shareholder if he or she is —

- (a) in the case where the substantial shareholder is an individual —
- (i) a member of the immediate family of the substantial shareholder;
  - (ii) employed by the substantial shareholder;
  - (iii) employed by an associated corporation of the substantial shareholder;
  - (iv) an executive director of an associated corporation of the substantial shareholder;
  - (v) a non-executive director of an associated corporation of the substantial shareholder;
  - (vi) a partner of a firm or a limited liability partnership of which the substantial shareholder is also a partner; or
  - (vii) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder; or
- (b) in the case where the substantial shareholder is a corporation —
- (i) employed by the substantial shareholder;

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- (ii) employed by a subsidiary or an associated corporation of the substantial shareholder;
  - (iii) a director of the substantial shareholder;
  - (iv) an executive director of a subsidiary or an associated corporation of the substantial shareholder;
  - (v) a non-executive director of a subsidiary or an associated corporation of the substantial shareholder;
  - (vi) a partner of a firm or a limited liability partnership of which the substantial shareholder is also a partner; or
  - (vii) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

(3) Despite paragraph (2)(b)(iii), in a case where the regulated institution is the sole subsidiary of an approved holding company and the approved holding company does not carry on any business other than the holding of the regulated institution, a director of the regulated institution who is also a director of the approved holding company is not connected to the approved holding company by reason only that he or she is also a director of the approved holding company, if the director —

- (a) is not a substantial shareholder of the regulated institution or the approved holding company; and
- (b) is not connected to a substantial shareholder of the regulated institution or the approved holding company.

### **Determination by Nominating Committee**

5.—(1) The Nominating Committee of a regulated institution may determine that a director of the regulated institution who is —

- (a) not considered independent from business relationships with the regulated institution under regulation 3(3); or

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- (b) not considered independent from a substantial shareholder of the regulated institution because of any relationship specified in regulation 4(2)(a)(v) or (b)(v),

to nonetheless be considered independent from business relationships with the regulated institution, or independent from a substantial shareholder of the regulated institution (as the case may be), if the Nominating Committee is satisfied that the director's independent business judgment and ability to act in the interest of the regulated institution will not be impeded, despite the relationships specified in that provision.

(2) If —

- (a) at any time, the Authority is not satisfied that a director is independent from business relationships with the regulated institution, or from a substantial shareholder of the regulated institution, despite any determination of the Nominating Committee made under paragraph (1); and
- (b) the lack of independence of that director would result in a failure to comply with any of the requirements under regulation 6(1) (including that provision as applied by regulation 7), 9(1), 13(1), 14(1) or 15(1),

the Authority may direct the regulated institution to rectify the composition of the board of directors or any relevant committee in accordance with the requirements under regulation 6(1) (including that provision as applied by regulation 7), 9(1), 13(1), 14(1) or 15(1) (as the case may be) within the time, and subject to such conditions or restrictions, as the Authority may specify.

(3) Where the Authority has given a direction to a regulated institution under paragraph (2), the requirements under regulation 6(1) (including that provision as applied by regulation 7), 9(1), 13(1), 14(1) or 15(1) (as the case may be) do not apply to the regulated institution during the period between the time the Authority makes the direction and the time by which the regulated institution is required to rectify the composition of the board of directors or any relevant committee in accordance with the direction.

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**Board of directors**

6.—(1) Subject to paragraphs (2), (3) and (4) and regulations 5(3) and 19, a regulated institution must have a board of directors —

- (a) at least one-third of the members of whom are Singapore citizens or permanent residents; and
- (b) at least a majority of the members of whom are independent directors.

(2) Where a single substantial shareholder holds 50% or more of the share capital or the voting power in a regulated institution, paragraph (1)(b) does not apply to the regulated institution only if the regulated institution has —

- (a) at least a majority of directors who are independent from management and business relationships with the regulated institution; and
- (b) at least one-third of directors who are independent directors.

(3) If a director resigns or ceases to be a director for any other reason, the regulated institution must —

- (a) notify the Authority of the event within 14 days after the occurrence of the event; and
- (b) if this results in a breach of any requirement under paragraph (1), take such steps as may be necessary to rectify the composition of the board of directors in accordance with the requirements under that paragraph on or before its next annual general meeting.

(4) Despite paragraph (3), the Authority may, upon being notified under paragraph (3)(a), direct the regulated institution to rectify the composition of the board of directors in accordance with the requirements under paragraph (1) within such time before the next annual general meeting of the regulated institution, and subject to such conditions or restrictions, as the Authority may specify, and the regulated institution must comply with that direction.

(5) The board of directors must maintain records of all its meetings.

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## **Executive Committee**

7. Where the board of directors of a regulated institution has delegated any of its powers for the oversight of the regulated institution to an executive committee or any other committee by whatever name described (called in these Regulations the Executive Committee), consisting of such directors as the board of directors thinks fit, regulation 6 (other than regulation 6(1)(a)) applies, with the necessary modifications, to the regulated institution in respect of the Executive Committee as if the Executive Committee were the board of directors.

## **Committees of board of directors**

8.—(1) Subject to paragraph (3), a regulated institution must have —

- (a) a Nominating Committee;
- (b) a Remuneration Committee;
- (c) an Audit Committee;
- (d) a Conflicts Committee; and
- (e) a Risk Management Committee.

(2) A regulated institution must ensure that every member of each committee mentioned in paragraph (1) has unfettered access to information which the regulated institution is in possession of or has access to, for the purposes of carrying out the responsibilities of the committee.

(3) A licensed trade repository, and an approved holding company of a licensed trade repository which does not carry on any business other than being a holding company of a licensed trade repository, are not required to have a Conflicts Committee.

## **Nominating Committee**

9.—(1) Subject to paragraphs (2) and (5) and regulations 5(3) and 19, a regulated institution must have a Nominating Committee comprising —

- (a) at least 5 directors; and

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- (b) at least a majority of directors (including the chairperson of the Nominating Committee) who are independent directors.
- (2) Where a single substantial shareholder holds 50% or more of the share capital or the voting power in a regulated institution, paragraph (1)(b) does not apply to the regulated institution only if the regulated institution has a Nominating Committee comprising —
- (a) at least a majority of directors who are independent from management and business relationships with the regulated institution; and
- (b) at least one-third of directors (including the chairperson of the Nominating Committee) who are independent directors.
- (3) A regulated institution must obtain the prior approval of the Authority for the appointment of the chairperson and members of the Nominating Committee.
- (4) Every member of the Nominating Committee is to be appointed to hold office until the next annual general meeting following that member's appointment, and is eligible for re-appointment.
- (5) If a member of the Nominating Committee resigns, ceases to be a director or for any other reason ceases to be a member of the Nominating Committee —
- (a) the regulated institution must notify the Authority of the event within 14 days after the occurrence of the event; and
- (b) if this results in a breach of any requirement under paragraph (1), the board of directors must, within 3 months after that event, take such steps as may be necessary to rectify the composition of the Nominating Committee in accordance with that requirement.

### **Responsibilities of Nominating Committee**

**10.—**(1) Subject to paragraph (2), the Nominating Committee of a regulated institution must identify the candidates and review all nominations for the appointment of —

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- (a) each director;
  - (b) each member of each board committee (including the Executive Committee, if any); and
  - (c) the chief executive officer, deputy chief executive officer, chief financial officer, chief risk officer and chief regulatory officer,

of the regulated institution.

(2) Paragraph (1) does not apply to a Nominating Committee of a regulated institution that is a licensed trade repository, or an approved holding company of a licensed trade repository, in respect of the appointment of a chief regulatory officer.

(3) Subject to paragraph (4), the Nominating Committee must determine the criteria to be applied in identifying a candidate or reviewing a nomination for the purposes of these Regulations.

(4) The criteria to be applied in identifying a candidate or reviewing a nomination for the purposes of these Regulations must include the following:

- (a) the appointment of the candidate or nominee will not result in non-compliance with the requirements under regulation 6(1) (including that provision as applied by regulation 7), 9(1), 13(1), 14(1), 15(1) or 16(1), as the case may be;
- (b) the candidate or nominee is a fit and proper person for the office and is qualified for the office, taking into account the candidate's or nominee's track record, age, experience, capabilities, skills and such other relevant factors as may be determined by the Nominating Committee.

(5) The Nominating Committee must review the reasons provided by each of the persons mentioned in paragraph (1)(a), (b) and (c) for his or her resignation from his or her appointment.

(6) The Nominating Committee must maintain records of all its meetings.

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**Determination of independence of directors**

11.—(1) Where a person is proposed to be appointed as a director, then, prior to his or her appointment, the Nominating Committee —

(a) must determine —

(i) whether he or she is independent from management and business relationships with the regulated institution; and

(ii) whether he or she is independent from any substantial shareholder of the regulated institution, using the criteria set out in regulations 3 and 4 and, where applicable, in accordance with regulation 5(1); and

(b) must maintain a record of its determination.

(2) Prior to every annual general meeting of a regulated institution, or at least once every calendar year, the Nominating Committee —

(a) must determine whether each existing director —

(i) is independent from management and business relationships with the regulated institution; and

(ii) is independent from any substantial shareholder of the regulated institution,

using the criteria set out in regulations 3 and 4 and, where applicable, in accordance with regulation 5(1);

(b) must review and assess the continued appointment of each existing director using the criteria set out in regulation 10(3); and

(c) must maintain a record of its determination and its assessment, respectively.

**Providing information to Authority**

12.—(1) A regulated institution must, after its Nominating Committee has concluded its deliberations in respect of the matters under regulations 10 and 11 and the board of directors has concurred with the Nominating Committee —



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- (a) notify the Authority in writing of the particulars of the persons proposed to be appointed to the positions referred to in regulation 10(1)(a) and (b), including whether the requirements for independence in regulations 3 and 4 are satisfied;
  - (b) notify the Authority in writing of the review and assessment of the continued appointment of each existing director under regulation 11(2)(b);
  - (c) in the case where the Nominating Committee has made a determination under regulation 5(1), provide the Authority with the Nominating Committee's explanation of its decision as to why the director should be considered independent; and
  - (d) provide to the Authority any other information as the Authority may require.

(2) A regulated institution must notify the Authority within 14 days of the regulated institution being aware of the occurrence of any event which may result in a director being not considered independent from management and business relationships with the regulated institution or being not considered independent from a substantial shareholder of the regulated institution.

### **Remuneration Committee**

**13.**—(1) Subject to paragraphs (3) and (7) and regulations 5(3) and 19, a regulated institution must have a Remuneration Committee comprising —

- (a) at least 3 directors of the regulated institution, all of whom satisfy the requirement in paragraph (2); and
  - (b) at least a majority of directors (including the chairperson of the Remuneration Committee) who are independent directors.
- (2) The requirement is that —
- (a) the matters mentioned in regulation 3(3)(c), (d) and (e) do not apply to him or her; or

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- (b) if any matter mentioned in regulation 3(3)(c), (d) or (e) applies to him or her —
- (i) the Nominating Committee of the regulated institution has determined under regulation 5(1) that he or she is nonetheless considered independent from business relationships with the regulated institution; and
  - (ii) the Authority has not given a direction under regulation 5(2) in relation to his or her appointment to the Remuneration Committee.
- (3) Where a single substantial shareholder holds 50% or more of the share capital or the voting power in a regulated institution, paragraph (1)(b) does not apply to the regulated institution only if the regulated institution has a Remuneration Committee comprising —
- (a) at least a majority of directors who are independent from management and business relationships with the regulated institution; and
  - (b) at least one-third of its directors (including the chairperson of the Remuneration Committee) who are independent directors.
- (4) In addition to such other responsibilities as may be determined by the board of directors of a regulated institution, the Remuneration Committee of the regulated institution is responsible for —
- (a) recommending a framework for determining the remuneration of directors of the regulated institution;
  - (b) recommending a framework for determining the remuneration of the executive officers of the regulated institution which must include the following elements and factors in the design and operation of the framework:
    - (i) the remuneration package of each executive officer of the regulated institution —
      - (A) must be aligned to the specific job function undertaken by the executive officer and, where

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the executive officer undertakes any of the regulated institution's control job functions, the remuneration package of that executive officer must be determined independently of the business functions of the regulated institution;

- (B) must take into account input from the regulated institution's control job functions as may be relevant to the specific job function undertaken by the executive officer;
  - (C) must be aligned with the risks that the regulated institution undertakes in its business that is relevant to the specific job function undertaken by the executive officer;
  - (D) must be sensitive to the time horizon of risks that the regulated institution is exposed to, which includes ensuring that variable compensation payments must not be finalised over short periods of time when risks are realised over long periods of time;
  - (E) must, in relation to the quantum of bonus payable to the executive officer, be linked to his or her personal performance, the performance of his or her specific job function as a whole and the overall performance of the regulated institution; and
  - (F) must, in relation to the rationale for the mix of cash, equity and other forms of incentives, be justified;
- (ii) the size of the bonus pool in respect of the executive officers of the regulated institution must be linked to the overall performance of the regulated institution;
- (c) recommending the remuneration of each director and executive officer of the regulated institution based on the

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frameworks mentioned in sub-paragraphs (a) and (b), respectively; and

- (d) reviewing, at least once in each year, the remuneration practices of the regulated institution to ensure that they are aligned with the recommendations made in accordance with sub-paragraphs (a), (b) and (c).

(5) In paragraph (4) —

“business functions” means the job functions of the regulated institution that conduct for-profit activities in relation to the business of the regulated institution, but does not include control job functions;

“control job functions” means the following job functions of the regulated institution:

- (a) risk control and management, including risk management, compliance and internal audit;
- (b) operations and technology;
- (c) in the case of a regulated institution that is an approved exchange or an approved clearing house — regulatory functions to oversee compliance of members, participants, or issuers (as the case may be) with the rules or obligations set by the regulated institution, and to manage any perceived or actual conflicts of interest arising from the regulatory and commercial functions of the regulatory institution;
- (d) support functions, including finance and human resources.

(6) The Remuneration Committee must maintain records of all its meetings.

(7) If a member of the Remuneration Committee resigns, ceases to be a director or for any other reason ceases to be a member of the Remuneration Committee —

- (a) the regulated institution must notify the Authority of the event within 14 days after the occurrence of the event; and

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- (b) if this results in a breach of any requirement under paragraph (1), the board of directors must, within 3 months of that event, take such steps as may be necessary to rectify the composition of the Remuneration Committee in accordance with that requirement.

### **Audit Committee**

**14.**—(1) Subject to paragraph (4) and regulations 5(3) and 19, a regulated institution must have an Audit Committee comprising —

- (a) at least 3 directors of the regulated institution, all of whom are independent from management and business relationships with the regulated institution; and
- (b) at least a majority of directors (including the chairperson of the Audit Committee) who are independent directors.

(2) The Audit Committee, in addition to such other responsibilities as may be determined by the board of directors or provided under written law, is responsible for the adequacy of the external and internal audit functions of the regulated institution, including reviewing the scope and results of audits carried out in respect of the operations of the regulated institution and the independence and objectivity of the regulated institution's external auditors.

(3) The Audit Committee must maintain records of all its meetings.

(4) If a member of the Audit Committee resigns, ceases to be a director or for any other reason ceases to be a member of the Audit Committee —

- (a) the regulated institution must notify the Authority of the event within 14 days after the occurrence of the event; and
- (b) if this results in a breach of paragraph (1), the board of directors must, within 3 months after that event, take such steps as may be necessary to rectify the composition of the Audit Committee in accordance with that requirement.

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## Conflicts Committee

15.—(1) Subject to paragraph (4) and regulations 5(3), 8(3) and 19, a regulated institution must have a Conflicts Committee comprising —

- (a) at least 3 directors of the regulated institution all of whom are independent from management and business relationships with the regulated institution; and
- (b) at least a majority of directors (including the chairperson of the Conflicts Committee) who are independent from any substantial shareholder.

(2) A regulated institution must obtain the prior approval of the Authority for the appointment of the chairperson and members of the Conflicts Committee.

(3) In addition to such other responsibilities as may be determined by the board of directors of a regulated institution, the Conflicts Committee of the regulated institution is responsible for —

- (a) reviewing the adequacy of the arrangements within the regulated institution and its subsidiaries for dealing with any perceived or actual conflict between —
  - (i) the interests arising from the regulation and supervision of —
    - (A) the members of the regulated institution and its subsidiaries; and
    - (B) the relevant corporations of the regulated institution; and
  - (ii) the commercial interests of the regulated institution or any of its subsidiaries, including any interests arising from the listing of the shares of the regulated institution on any organised market operated by the regulated institution or any of its subsidiaries; and
- (b) carrying out regular reviews of the adequacy of the plans, budget and resources of the regulated institution and its subsidiaries in relation to the regulation and supervision of —

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- (i) the members of the regulated institution and its subsidiaries; and
  - (ii) the relevant corporations of the regulated institution, and reporting to the board of directors if it is of the view that insufficient funding and resources are being devoted by the regulated institution or any of its subsidiaries to the regulation and supervision of any member, subsidiary or relevant corporation.
- (4) If a member of the Conflicts Committee resigns, ceases to be a director or for any other reason ceases to be a member of the Conflicts Committee —
- (a) the regulated institution must notify the Authority of the event within 14 days the occurrence of the event; and
  - (b) if this results in a breach of any requirement under paragraph (1), the board of directors must, within 3 months after that event, take such steps as may be necessary to rectify the composition of the Conflicts Committee in accordance with that requirement.
- (5) In paragraph (3), “relevant corporations” —
- (a) in relation to a regulated institution that is an approved exchange, means corporations whose securities are listed for quotation on an organised market operated by the approved exchange or any of its related corporations; and
  - (b) in relation to a regulated institution that is an approved clearing house or an approved holding company, means corporations whose securities are listed for quotation on an organised market operated by any of the related corporations of the approved clearing house or approved holding company, as the case may be.

### **Risk Management Committee**

**16.—**(1) Subject to paragraph (4) and regulation 19, a regulated institution must have a Risk Management Committee comprising —

- (a) at least 3 directors of the regulated institution; and

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- (b) at least a majority of directors (including the chairperson of the Risk Management Committee) who are non-executive directors.
- (2) The Risk Management Committee, in addition to such other responsibilities as may be determined by the board of directors, is responsible for —
- (a) overseeing the establishment and the operation of an independent risk management system in the regulated institution for managing risks on an enterprise-wide basis; and
  - (b) ensuring the adequacy of the risk management function of the regulated institution, including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines.
- (3) The Risk Management Committee must maintain records of all its meetings.
- (4) If a member of the Risk Management Committee resigns, ceases to be a director or for any other reason ceases to be a member of the Risk Management Committee —
- (a) the regulated institution must notify the Authority of the event within 14 days after the occurrence of the event; and
  - (b) if this results in a breach of any requirement under paragraph (1), the board of directors must, within 3 months after the event, take such steps as may be necessary to rectify the composition of the Risk Management Committee in accordance with that requirement.

### **Executive officers**

17. A regulated institution must not appoint any person as its executive officer while that person is concurrently —
- (a) employed by a substantial shareholder of the regulated institution, other than a substantial shareholder that is also —



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- (i) a regulated institution of which the firstmentioned regulated institution is a subsidiary; or
  - (ii) an approved holding company of the firstmentioned regulated institution;
- (b) an executive officer of a subsidiary or an associated corporation of the regulated institution;
  - (c) in the case where the regulated institution is a subsidiary of another regulated institution (*X*), employed by a substantial shareholder of *X*, or a subsidiary or an associated corporation of the substantial shareholder of *X*; or
  - (d) where the regulated institution is a subsidiary of an approved holding company (*Y*), employed by a substantial shareholder of *Y*, or a subsidiary or an associated corporation of the substantial shareholder of *Y*.

### **Separation of roles**

**18.** A regulated institution must not appoint any of the following persons as the chairperson of the board of directors:

- (a) any of its executive directors;
- (b) any person who is a member of the immediate family of the chief executive officer of the regulated institution.

### **Exceptions**

**19.—(1)** Subject to paragraphs (2) and (4) —

- (a) where —
  - (i) there is a change in the status of a director of a regulated institution under regulation 3 or 4 during the period between the date immediately after the date of the director's appointment and the date immediately before the next annual general meeting of the regulated institution; and
  - (ii) the regulated institution could not reasonably have known of that change on or before the date of the director's appointment; or

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(b) where —

- (i) there is a change in the status of a director of a regulated institution under regulation 3 or 4 during the period between the date immediately after an annual general meeting of the regulated institution and the date immediately before the next annual general meeting of the regulated institution (other than the period mentioned in sub-paragraph (a)(i)); and
- (ii) the regulated institution could not reasonably have known of that change on or before the date of the firstmentioned annual general meeting,

being a change that results in the regulated institution not satisfying all or any of the requirements under regulations 6(1) (including that provision as applied by regulation 7), 9(1), 13(1), 14(1) and 15(1) (whichever is applicable), the relevant requirement or requirements do not apply in relation to the regulated institution.

(2) Paragraph (1) does not apply unless, in the circumstances mentioned in paragraph (1)(a)(i) and (b)(i), the regulated institution, within 14 days of becoming aware of the change in status of the director, notifies the Authority of the change and, subject to paragraph (4) —

- (a) in respect of any requirement under regulation 6(1) — at the next annual general meeting, takes steps as may be necessary to rectify the composition of the board of directors in accordance with that requirement; or
- (b) in respect of any requirement under regulation 6(1) (as applied by regulation 7), 9(1), 13(1), 14(1) or 15(1) — within 3 months after notifying the Authority of the change of the status of the director, take such steps as may be necessary to rectify the composition of the relevant committee in accordance with that requirement.

(3) The requirement under regulation 16(1) does not apply in relation to a regulated institution where there is a change in the status of a director that is a member of the Risk Management Committee, or

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any event occurs, which results in the composition of the Risk Management Committee not satisfying the requirement, if the regulated institution —

- (a) within 14 days of the change in the status of the director or the event, notifies the Authority of the change or the event; and
- (b) subject to paragraph (4), within 3 months after notifying the Authority of the change in the status of the director or the event, takes such steps as may be necessary to rectify the composition of the Risk Management Committee in accordance with that requirement.

(4) Despite paragraph (2) or (3), the Authority may, upon being notified of a change in the status of a director or an event under paragraph (2) or (3), direct the regulated institution, as the case may be —

- (a) to take such steps as may be necessary to rectify the composition of the board of directors in accordance with the requirements under regulation 6(1) within such time before the next annual general meeting of the regulated institution, and subject to such conditions or restrictions, as the Authority may specify; or
- (b) to take such steps as may be necessary to rectify the composition of the relevant committee in accordance with the requirements under regulation 6(1) (as applied by regulation 7), 9(1), 13(1), 14(1), 15(1) or 16(1) within such time before the expiration of 3 months after the date of the notification, and subject to such conditions or restrictions, as the Authority may specify,

and the regulated institution must comply with the direction.

### **Offences**

**20.**—(1) Any regulated institution which contravenes regulation 6(1) or (4), 8(1) or (2), 9(1), 12, 13(1), 14(1), 15(1), 16(1), 17, 18 or 19(4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$150,000 and, in the case of a

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continuing offence, to a further fine not exceeding \$15,000 for every day or part of a day during which the offence continues after conviction.

(2) Any regulated institution which contravenes regulation 6(3)(a), 9(5)(a), 13(7)(a), 14(4)(a), 15(4)(a) or 16(4)(a) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

(3) Section 333(1) of the Act does not apply to any offence mentioned in paragraph (1) or (2).

### PART 3

#### REVOCATION AND SAVING AND TRANSITIONAL PROVISION

##### **Revocation**

**21.** Revoke the Securities and Futures (Corporate Governance of Approved Exchanges, Approved Clearing Houses and Approved Holding Companies) Regulations 2005 (G.N. No. S 742/2005).

##### **Saving and transitional provision**

**22.** These Regulations do not apply to a regulated institution in the period commencing on 15 July 2024 and ending on the date of the first annual general meeting of the regulated institution held after 15 July 2024, and the Securities and Futures (Corporate Governance of Approved Exchanges, Approved Clearing Houses and Approved Holding Companies) Regulations 2005 as in force immediately before 15 July 2024 continue to apply to the regulated institution in that period.

Made on 24 April 2024.

CHIA DER JIUN  
*Managing Director,*  
*Monetary Authority of Singapore.*

[MIS 014/2005 Vol. 1; AG/LEGIS/SL/289/2020/25 Vol. 1]