



Media Release

ABS LAUNCHES CODE OF BEST PRACTICES FOR COMMODITY FINANCING

Singapore, 30 November 2020 – The Association of Banks in Singapore (ABS), together with the support of the Monetary Authority of Singapore (MAS), Enterprise Singapore (ESG) and the Accounting and Corporate Regulatory Authority (ACRA), launched today the ABS Code of Best Practices for Commodity Financing.

The Code is the industry's first set of commodity financing best practices. It lays out key principles governing prudent commodity trade financing practices, providing a benchmark for banks' lending standards in the sector to help enhance the resilience, relevance and competitiveness of Singapore as a global commodity trading hub.

The Code was developed by an industry working group of 28 banks¹, representing the majority of commodity financing banks in Singapore, in consultation with trading firms.

Two key themes underpin the Code:

- a. at a macro level, banks' understanding of traders' corporate governance, risk management practices, business and transactions through due diligence and policy requirements; and
- b. at a transactional level, banks obtaining sufficient transparency and control over financed transactions, goods and receivables.

The Code is designed to provide broad guidance to banks, which are expected to ensure that appropriate policies and procedures, as well as controls, are in place to observe the principles in the Code in a risk proportionate manner.

Mr Samuel Tsien, Chairman of ABS and Group CEO of OCBC, said: "This is an important step to strengthen Singapore's stature as a global commodity trading hub. The Code of Best Practices ensures a more robust and disciplined financing approach to support the growth of Singapore's thriving commodity trading sector, which comprises a broad spectrum of participants, ranging from boutique firms to leading international commodity groups."

Ms Ho Hern Shin, MAS' Assistant Managing Director, Banking and Insurance, said: "The Code of Best Practices will encourage greater transparency and trust between trading firms and their lenders, and promote sustainable credit flows to support Singapore's growth as a global commodities trading hub. We look forward to strong participation by the industry in implementing the Code."

¹ ABN AMRO, ANZ, Bank of China, BNP Paribas, China Construction Bank, CIMB Bank, Citibank, Commonwealth Bank of Australia, Credit Agricole, DBS Bank, Deutsche Bank, First Abu Dhabi Bank, HSBC, Industrial and Commercial Bank of China, ING Bank, Macquarie Bank, Maybank, Mizuho, MUFG Bank, Natixis, OCBC Bank, Rabobank, Shanghai Pudong Development Bank, Societe Generale, Standard Chartered Bank, Sumitomo Mitsui Banking Corporation, UBS, United Overseas Bank



Mr Satvinder Singh, Enterprise Singapore’s Assistant CEO, said: “The Code of Best Practices was developed with feedback from a diverse range of commodity trading companies. It is the industry’s commitment to raise trust and confidence in Singapore as a premier trade and financial hub. As the centre of global trade in a growing region, the Code sets out a common set of risk management considerations that will guide creditors and provide them comfort when financing global trading companies.”

Mr Andy Sim, ACRA’s Assistant Chief Executive, Legal Services and Compliance, said: “The Code is a step in the right direction to boost corporate transparency and enhance the trust between the banks and commodity trading companies. This will help to promote accountability and uphold the integrity of the commodity trading sector.”

About The Association of Banks in Singapore:

The Association of Banks in Singapore (ABS) plays an active role in promoting and representing the interests of the banking community in Singapore. In doing so, ABS works closely with the relevant government authorities towards the development of a sound financial system in Singapore. Since its establishment in 1973, ABS has promoted common understanding among its members and projected a unifying voice on banking issues. It has brought its members closer together through various guidelines and banking practices as well as the support of projects of mutual benefit to face the challenges of the financial and banking community in Singapore. Today, ABS has a membership of more than 150 local and foreign banks. More information on ABS is available on the website: www.abs.org.sg.

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