



THE STATUTES OF THE REPUBLIC OF SINGAPORE

BANKING ACT

(CHAPTER 19)

(Original Enactment: Act 41 of 1970)

REVISED EDITION 2008

(31st March 2008)

Prepared and Published by

THE LAW REVISION COMMISSION
UNDER THE AUTHORITY OF
THE REVISED EDITION OF THE LAWS ACT (CHAPTER 275)

Informal Consolidation – version in force from 1/5/2011 to 18/4/2013

CHAPTER 19

Banking Act

ARRANGEMENT OF SECTIONS

PART I

PRELIMINARY

Section

1. Short title
2. Interpretation

PART II

APPOINTMENT OF ASSISTANTS

3. Appointment of assistants

PART III

LICENSING OF BANKS

4. Licensing of banks
- 4A. Restriction on deposit-taking business and soliciting deposits
- 4B. Application of section 4A
- 4C. Examination of persons suspected of contravening section 4A and access to premises
5. Use of word “bank”
- 5A. Use of bank name, etc.
6. Examination of persons suspected of transacting banking business and access to premises
7. Application for licence
8. Licence fees
9. Minimum capital requirements
- 9A. Capital requirements for qualifying subsidiaries
10. Risk-based capital requirements
11. [*Repealed*]
- 11A. Appeal to Minister
12. Branches
13. Fees to be paid in respect of branches of banks
14. Mergers
- 14A. Approval by Minister for merger of certain banks

Section

- 14B. Condition for issue of certificate of approval
- 14C. Effect of merger
- 15. Application and interpretation of sections 15A to 18
- 15A. Control of substantial shareholdings in designated financial institutions
- 15B. Control of shareholdings and voting power in designated financial institutions
- 15C. Approval of applications
- 15D. Power to exempt and make further transitional provisions
- 15E. Objection to existing control of designated financial institutions
- 16. Power to make directions
- 17. Offences, penalties and defences
- 18. Power of Authority to obtain information
- 19. Amendment of bank's constitution
- 20. Revocation of licence
- 21. Effect of revocation of licence

PART IV

RESERVE FUNDS, DIVIDENDS, BALANCE-SHEETS AND INFORMATION

- 22. *[Repealed]*
- 23. Maintenance of adequate provision for bad and doubtful debts
- 24. *[Repealed]*
- 25. Publication and exhibition of audited balance-sheet
- 26. Information to be furnished by banks
- 27. Action to be taken if credit facilities or exposures are against interests of depositors
- 28. Disclosure of interest by directors

PART V

PROHIBITED BUSINESS

- 29. Exposures and credit facilities
- 30. Non-financial businesses
- 31. Limit on equity investments
- 32. Investments in companies undertaking non-financial businesses
- 33. Immovable property
- 34. Grace period for sections 30 to 33
- 35. Exposure to immovable property sector
- 36. Power of Authority to secure compliance with sections 10, 23, 29, 31, 32, 33, 35 and 42

Section

37. *[Repealed]*

PART VI

MINIMUM ASSET REQUIREMENTS

- 38. Minimum liquid assets
- 39. Minimum cash balances
- 40. Asset maintenance requirement

PART VII

POWERS OF CONTROL OVER BANKS

- 40A. Interpretation of this Part
- 41. Regulation of interest rates of banks
- 42. Recommendations to banks concerning credits and investments
- 43. Inspection of banks
- 44. Special investigation of banks
- 44A. Provisions supplementary to sections 43 and 44
- 45. Inspection in Singapore by parent supervisory authority
- 46. Confidentiality of inspection and investigation reports
- 47. Banking secrecy
- 48. Information of insolvency, etc.
- 48A. Interpretation of sections 49 to 53
- 49. Action by Authority if bank is unable to meet obligations, etc., or is conducting business to detriment of depositors
- 50. Effect of assumption of control under section 49
- 51. Duration of control
- 52. Responsibilities of officers, member, etc., of bank
- 53. Remuneration and expenses of Authority and others in certain cases
- 54. Moratorium
- 54A. General provisions as to winding up
- 54B. Disqualification and removal of directors
- 55. Notices to banks

PART VIIA

TRANSFER OF BUSINESS AND SHARES AND RESTRUCTURING OF
SHARE CAPITAL*Division 1 — Voluntary transfer of business of bank*

Section

- 55A. Interpretation of this Division
- 55B. Voluntary transfer of business
- 55C. Approval of transfer

Division 2 — Compulsory transfer of business of bank

- 55D. Interpretation of this Division
- 55E. Compulsory transfer of business
- 55F. Certificate of transfer
- 55G. Moratorium, avoidance of disposition of property, etc.

Division 3 — Compulsory transfer of shares in bank

- 55H. Interpretation of this Division
- 55I. Compulsory transfer of shares
- 55J. Certificate of transfer

Division 4 — Compulsory restructuring of share capital of bank

- 55K. Interpretation of this Division
- 55L. Compulsory restructuring of share capital
- 55M. Certificate of restructuring

Division 5 — Miscellaneous

- 55N. Power to obtain information under this Part
- 55O. Cessation of moratorium, etc., under this Part
- 55P. Regulations for this Part

PART VIII

CREDIT CARD AND CHARGE CARD BUSINESSES

- 56. Interpretation of this Part
- 57. Restrictions on issuing and promoting credit card and charge card
- 57A. Application to be licensed credit card or charge card issuer
- 57B. Requirements for grant of licence
- 57C. Licence fees
- 57D. Power of Authority to issue written directions
- 57E. Revocation of licence

Section

- 57F. Inspection and investigation
- 57G. Non-application of this Part

PART IX

MISCELLANEOUS

- 58. Auditing
- 59. Clearing House settlements and control over Clearing House
- 60. Declaration of holidays
- 61. Priority of specified liabilities
- 62. Priority of specified liabilities inter se
- 62A. Priorities for set-off in winding up of bank
- 63. Redemption of securities held by bank under liquidation
- 64. Execution of instruments under seal
- 65. Disqualification of executive officers and employees of banks
- 66. Offences by director and executive officers of bank and false or misleading information
- 67. Offences by directors, employees and agents
- 68. [*Repealed*]
- 69. Composition of offences
- 70. Publication of list of banks
- 71. General penalty
- 72. Offences triable in District Court
- 73. Consent of Public Prosecutor
- 74. Recovery of fees, expenses, etc.
- 74A. Power to refund, reduce, etc., financial penalty
- 75. Operation of this Act not to affect Companies Act
- 75A. Service of documents, etc.
- 75B. Electronic service
- 76. Exemption
- 76A. Authority's powers of exemption
- 77. Authority to approve operation of an Asian Currency Unit
- 77A. Amendment of Schedules
- 78. Regulations
- 79. Transitional licensing provisions
 - First Schedule — Banks
 - Second Schedule — Effect of Merger
 - Third Schedule — Disclosure of Information
 - Fourth Schedule — Specified Provisions
 - Fifth Schedule — Definitions in Sections 27, 28, 29 and 38

An Act to provide for the licensing and regulation of the business of banks and related financial institutions, and the credit card and charge card business of banks and other institutions, and matters related thereto.

[23/2001; 1/2007]

[1st January 1971]

PART I

PRELIMINARY

Short title

1. This Act may be cited as the Banking Act.

Interpretation

- 2.—(1) In this Act, unless the context otherwise requires —

“agreement” means an agreement whether formal or informal and whether express or implied;

“Authority” means the Monetary Authority of Singapore established under the Monetary Authority of Singapore Act (Cap. 186);

“bank” means any company which holds a valid licence under section 7 or 79;

“bank in Singapore” means —

(a) a bank incorporated in Singapore; or

(b) in the case of a bank incorporated outside Singapore, the branches and offices of the bank located within Singapore;

“bank incorporated outside Singapore” means a bank incorporated, formed or established outside Singapore;

“banking business” means the business of receiving money on current or deposit account, paying and collecting cheques drawn by or paid in by customers, the making of advances to customers, and includes such other business as the Authority may prescribe for the purposes of this Act;

“book” includes any record, register, document or other record of information and any account or accounting record, however compiled, recorded or stored, whether in written, printed form or on microfilm or by electronic process or otherwise;

“business day” means any calendar day other than a Saturday, Sunday, public holiday or bank holiday;

“capital funds” means —

(a) in the case of a bank incorporated in Singapore —

(i) in sections 31 and 33, its capital used for the purposes of calculating its capital adequacy ratio under section 10; or

(ii) in other sections of the Act, the aggregate of its paid-up capital (excluding any amount represented by treasury shares) and its published reserves (excluding such reserves as the Authority may specify by notice in writing), deduction having been made for any loss appearing in the accounts of the bank; or

(b) in the case of a bank incorporated outside Singapore, such net head office funds and such other liabilities as the Authority may, by notice in writing, specify;

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

(a) is in the direct employment of, or acting for or by arrangement with, the company; and

(b) is principally responsible for the management and conduct of the business of the company;

“company” means any company defined in any written law for the time being in force relating to companies, any company formed in pursuance of any Royal Charter or Letters Patent, and any company incorporated or registered under any written law in force in Singapore and includes any body

corporate or unincorporate, whether incorporated, formed or established outside Singapore;

“corporation” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“credit facilities” means —

(a) the granting by a bank of advances, loans and other facilities whereby a customer of the bank has access to funds or financial guarantees; or

(b) the incurring by a bank of other liabilities on behalf of a customer;

“director” includes any person occupying the position of director of a corporation by whatever name called and includes a person in accordance with whose directions or instructions the directors of a corporation are accustomed to act and an alternate or substitute director;

“employee” includes an individual seconded or temporarily transferred from another employer;

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

(a) is in the direct employment of, or acting for or by arrangement with, the company; and

(b) is concerned with or takes part in the management of the company on a day-to-day basis;

“financial holding company” means a company belonging to a class of financial institutions approved as financial holding companies under section 28 of the Monetary Authority of Singapore Act (Cap. 186);

“financial year” has the same meaning as in section 4(1) of the Companies Act;

“foreign company” has the same meaning as in section 4(1) of the Companies Act;

“foreign-owned bank incorporated in Singapore” means a bank incorporated in Singapore, the parent bank of which is incorporated outside Singapore;

“licence” means a licence granted or held under section 7 or 79;

“limited liability partnership” has the same meaning as in section 2(1) of the Limited Liability Partnerships Act (Cap. 163A);

“officer”, in relation to a corporation, includes —

- (a) a director, secretary or an employee of the corporation;
- (b) a receiver or manager of any part of the undertaking of the corporation appointed under a power contained in any instrument; and
- (c) the liquidator of the corporation appointed in a voluntary winding up;

“parent bank”, in relation to a bank, means a financial institution which is able to exercise a significant influence over the direction and management of the bank or which has a controlling interest in the bank;

“parent supervisory authority” means —

- (a) in relation to a bank incorporated outside Singapore, the supervisory authority which is responsible, under the laws of the country or territory where the bank or its parent bank is incorporated, formed or established, for supervising the bank or its parent bank, as the case may be; or
- (b) in relation to a foreign-owned bank incorporated in Singapore, the supervisory authority which has consolidated supervision authority over the bank;

“partner” and “manager”, in relation to a limited liability partnership, have the respective meanings assigned to them in section 2(1) of the Limited Liability Partnerships Act;

“person” includes a corporation;

- “place of business”, in relation to a bank, includes a head or main office, a branch, an agency, a representative office, a mobile branch of the bank, any office established and maintained for a limited period only and any other place used by the bank for the dispensing or acceptance of money on account or for the conduct of other banking business;
- “published reserves”, in relation to a bank, means reserves which appear in the accounts of the bank which are duly audited or certified as correct by the auditor of the bank;
- “qualifying subsidiary” means a company which is a subsidiary of a bank incorporated in Singapore where such bank meets the requirements under section 9(1);
- “Registrar” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);
- “related corporation”, in relation to a corporation, means a corporation that is deemed to be related to the first-mentioned corporation under section 6 of the Companies Act;
- “savings account liabilities”, in relation to a bank, means the total deposits at that bank which normally require the presentation of passbooks for the deposit or withdrawal of moneys;
- “share” has the same meaning as in section 4(1) of the Companies Act and includes an interest in a share;
- “sight liabilities”, in relation to a bank, means the total deposits at the bank which are repayable on demand, but does not include savings account liabilities or the deposits of any other bank at the bank;
- “subsidiary” has the same meaning as in section 5 of the Companies Act;
- “substantial shareholder” has the same meaning as in section 81 of the Companies Act;
- “time liabilities”, in relation to a bank, means the total deposits at the bank which are repayable otherwise than on demand,

but does not include savings account liabilities or the deposits of any other bank at the bank;

“total number of issued shares”, in relation to a company, does not include treasury shares;

“treasury share” has the same meaning as in section 4(1) of the Companies Act.

[2/84; 21/96; 23/2001; 5/2005; 1/2007]

(2) Without prejudice to any other meaning which the word “insolvent” may have, a bank shall, for the purposes of this Act, be deemed to be insolvent if either it has ceased to pay its debts in the ordinary course of business or is unable to pay its debts as they become due.

PART II

APPOINTMENT OF ASSISTANTS

Appointment of assistants

3.—(1) Subject to subsection (1A), the Authority may appoint any person to exercise any of its powers or perform any of its functions or duties under this Act, either generally or in any particular case, except the power to make subsidiary legislation.

[23/2001; 1/2007]

(1A) The Authority may, by notification in the *Gazette*, appoint one or more of its officers to exercise the power to grant an exemption to any person (not being an exemption granted to a class of persons) under a provision of this Act specified in the Fourth Schedule, or to revoke any such exemption.

[1/2007]

(2) Any person appointed by the Authority under subsection (1) shall be deemed to be a public servant for the purposes of the Penal Code (Cap. 224).

[23/2001]

PART III

LICENSING OF BANKS

Licensing of banks

4.—(1) No banking business shall be transacted in Singapore except by a company which is in possession of a valid licence granted under this Act by the Authority authorising it to conduct banking business in Singapore.

(2) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Restriction on deposit-taking business and soliciting deposits

4A.—(1) Subject to subsection (6), no person shall, in the course of carrying on (whether in Singapore or elsewhere) a deposit-taking business, accept in Singapore any deposit from any person in Singapore.

[23/2001]

(2) No person shall, whether in Singapore or elsewhere, offer or invite or issue any advertisement containing any offer or invitation to the public or any section of the public in Singapore —

- (a) to make any deposit, whether in Singapore or elsewhere; or
- (b) to enter or offer to enter into any agreement to make any deposit, whether in Singapore or elsewhere,

where such deposit is to be made with any person (not being a person specified in subsection (6)) in the course of the carrying on (whether in Singapore or elsewhere) of a deposit-taking business by that person.

[23/2001; 1/2007]

(3) For the purposes of subsection (2), in determining whether an offer, invitation or advertisement is made or issued to the public or any section of the public in Singapore, regard shall be had to such considerations as the Authority may prescribe.

[23/2001]

(4) Any person who contravenes subsection (1) or (2) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(5) A person whose business it is to publish or to arrange for the publication of advertisements shall not be guilty of an offence under subsection (4) if he proves that —

- (a) he received the advertisement for publication in the ordinary course of his business;
- (b) the matters contained in the advertisement were not, wholly or in part, devised or selected by him or by any person under his direction or control; and
- (c) he did not know and had no reason for believing that the publication of the advertisement would constitute an offence.

[23/2001]

(6) Without prejudice to section 76, subsection (1) shall not apply to —

- (a) any bank in Singapore;
- (b) any co-operative society registered as a credit society under the Co-operative Societies Act (Cap. 62);
- (c) any finance company licensed under the Finance Companies Act (Cap. 108);
- (d) any merchant bank approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
- (e) any person (other than a person referred to in paragraphs (a) to (d)) who is licensed, approved, authorised or otherwise empowered under any written law to accept deposits in Singapore in accordance with such law; and
- (f) such other person or class of persons as the Authority may prescribe and subject to such conditions as may be prescribed by the Authority.

[23/2001]

(7) The fact that a deposit has been taken in contravention of this section shall not affect any civil liability in respect of the deposit or the money deposited.

[23/2001]

Application of section 4A

4B.—(1) For the purposes of section 4A, “advertisement” means the dissemination or conveyance of information, or invitation or solicitation by any means or in any form, including by means of —

- (a) publication in a newspaper, magazine, journal or other periodical;
- (b) display of posters or notices;
- (c) circulars, handbills, brochures, pamphlets, books or other documents;
- (d) letters addressed to individuals or bodies;

(e) photographs or cinematograph films; or

(f) sound broadcasting, television, the Internet or other media.
[23/2001]

(2) An advertisement containing information which is intended or might reasonably be presumed to be intended to lead, directly or indirectly, to the making of a deposit shall be treated as an advertisement referred to in section 4A.

[23/2001]

(3) Notwithstanding subsections (1) and (2), an advertisement issued outside Singapore shall not be treated as an advertisement for the purposes of section 4A(2) if it is made available —

(a) in a newspaper, magazine, journal or other periodical published and circulating principally outside Singapore;

(b) in a sound or television broadcast transmitted principally for reception outside Singapore; or

(c) by any other means of broadcasting or communication principally for circulation or reception outside Singapore.
[23/2001]

(4) Subject to the provisions of this section, for the purposes of section 4A, “deposit” means —

(a) a sum of money paid on terms —

(i) under which it will be repaid, with or without interest or a premium, or with any consideration in money or money’s worth, either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it; and

(ii) which are not referable to the provision of property or services or to the giving of security; and

(b) such other product as may be prescribed.

[1/2007]

(4A) The Authority may, by regulations, exclude any product from the definition of “deposit” in subsection (4)(a).

[1/2007]

(5) For the purposes of subsection (4)(a)(ii), money is paid on terms which are referable to the provision of property or services or to the giving of security if, and only if —

- (a) it is paid by way of advance or part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services is or are not in fact sold, hired or otherwise provided;
- (b) it is paid by way of security for the performance of a contract or by way of security in respect of loss which may result from the non-performance of a contract; or
- (c) without prejudice to paragraph (b), it is paid by way of security for the delivery up or return of any property, whether in a particular state of repair or otherwise.

[23/2001; 1/2007]

(6) For the purposes of subsection (4), “deposit” does not include —

- (a) a sum paid by the Authority, any person referred to in section 4A(6)(a) to (d) or any insurer registered under the Insurance Act (Cap. 142);
- (b) a sum paid by any moneylender licensed under the Moneylenders Act (Cap. 188);
- (c) a sum paid by one company to another at a time when one is a subsidiary of the other or both are subsidiaries of another company, or the same individual controls more than half of the voting power or holds more than half of the total number of issued shares in both of them;
- (d) a sum paid by a person who, at the time when it is paid, is a close relative of the person receiving it or who is, or is a close relative of, a director, controller or manager of that person; and
- (e) a sum paid by such person or class of persons as may be prescribed.

[23/2001; 1/2007]

(7) Subject to the provisions of this section, for the purposes of section 4A, a business is a deposit-taking business if —

- (a) in the course of the business, money received by way of deposit is lent to others; or
- (b) any other activity of the business is financed, wholly or to any material extent, out of the capital of or the interest on money received by way of deposit.

[23/2001]

(8) Notwithstanding that subsection (7)(a) or (b) applies to a business, it is not a deposit-taking business if the person carrying on the business —

- (a) does not hold himself out as accepting deposits on a day-to-day basis; and
- (b) does not accept deposits on a day-to-day basis, whether or not involving the issue of debentures or securities.

[23/2001]

(9) For the purposes of subsection (7), all the activities which a person carries on by way of business shall be regarded as a single business carried on by him.

[23/2001]

(10) In this section —

“close relative”, in relation to a person, means the spouse or a parent, remoter lineal ancestor or step-parent or a son, daughter, remoter issue, step-son or step-daughter or a brother or sister, of the person;

“controller” means a 12% controller or 20% controller as defined in section 15B(3);

“debentures” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“securities” has the same meaning as in section 2(1) of the Securities and Futures Act (Cap. 289).

[23/2001; 42/2001]

Examination of persons suspected of contravening section 4A and access to premises

4C.—(1) Whenever the Authority has reason to believe that a person has contravened or is contravening section 4A(1) or (2), the Authority shall at all times —

- (a) have full and free access to the premises at which that person is suspected of having committed or of committing the contravention, or at which that person may have books; and
- (b) have the power to examine, copy or take possession of the books of that person in order to ascertain whether or not that person has contravened or is contravening section 4A(1) or (2).

[23/2001; 1/2007]

(2) Any person who obstructs the Authority in the exercise of its powers under subsection (1) or fails without reasonable excuse to furnish such books in his possession as may be required by the Authority, shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$12,500 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding \$1,250 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction.

[23/2001; 1/2007]

Use of word “bank”

5.—(1) No person or body of persons, whether incorporated or not, other than a bank shall, without the written consent of the Authority —

- (a) use the word “bank” or any of its derivatives in any language, or any other word indicating it transacts banking

business, in the name, description or title under which the person or body of persons is transacting business in Singapore; or

- (b) make or continue to make any representation to that effect in any bill head, letter paper, notice, advertisement or in any other manner.

(2) Subject to subsection (2B), nothing in this section shall prohibit the following persons or bodies of persons from using the word “bank” or any of its derivatives in any language, or any other word indicating the transaction of banking business, as a part of its name or title or in the description of its activities:

- (a) any representative office of a foreign company which is not a bank in Singapore if —
- (i) the foreign company is licensed, registered, approved or otherwise regulated as a bank under the law of the foreign country or territory in which it is incorporated, formed or established; and
 - (ii) the following information is provided in every advertisement made by the representative office which is directed at the public or a section of the public in Singapore:
 - (A) the country or territory in which the foreign company is incorporated, formed or established; and
 - (B) the fact that the foreign company is licensed, registered, approved or otherwise regulated as a bank in that country or territory;
- (b) any central bank of a foreign country or territory;
- (c) any association of banks formed for the protection of common interests;
- (d) any related corporation of a bank in Singapore which does not carry on banking business in Singapore or elsewhere and which carries on any business referred to in section 30(1)(b), (c) or (d) if the word “bank” or any of

its derivatives in any language, or any other word indicating the transaction of banking business —

- (i) is used in a manner to indicate or represent that the corporation is a related corporation of the bank; and
 - (ii) is used together with any other word to indicate or represent that the related corporation is not a bank in Singapore;
- (e) any person or body of persons that does not transact banking business or the business of a financial institution in Singapore or elsewhere, if the word “bank” or any of its derivatives in any language, or any other word indicating the transaction of banking business, is used together with any other word to indicate or represent that the person or body of persons is not a bank in Singapore;
- (f) any merchant bank approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186); and
- (g) such international financial institution as may be prescribed.

[1/2007]

(2A) Sections 4A(3) and 4B(1), (2) and (3) shall apply, with the necessary modifications, to an advertisement made by a representative office referred to in subsection (2)(a).

[1/2007]

(2B) If the Authority is satisfied that a person or body of persons to whom subsection (2) applies has misled or is likely to mislead the public or a section of the public as to whether the person or body of persons is a bank in Singapore, the Authority may, by notice in writing to the person or body of persons, direct the person or body of persons to cease —

- (a) using the word “bank” or any of its derivatives in any language, or any other word indicating the transaction of banking business, in the name, description or title under which the person or body of persons is transacting business in Singapore; and

(b) making any representation to that effect in any bill head, letter paper, notice, advertisement or in any other manner, from the date specified by the Authority in the notice, and subsection (1) shall apply to the person or body of persons as from that date.

[1/2007]

(2C) The Authority shall publish in the *Gazette* such particulars as it thinks fit in respect of every person or body of persons to whom a notice is issued under subsection (2B).

[1/2007]

(3) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$12,500 or to imprisonment for a term not exceeding 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding \$1,250 for every day or part thereof during which the offence continues after conviction; or

(b) in any other case, to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Use of bank name, etc.

5A.—(1) No person shall, without the prior approval of the Authority, in the course of any profession, vocation, trade or business, use any name, logo or trade mark in a manner which indicates or represents that the person or his trade or business is related to or associated with a bank incorporated in Singapore or any of its subsidiaries which carries on a business referred to in section 30(1)(a), (b), (c) or (d).

[23/2001; 1/2007]

(2) No bank incorporated in Singapore shall cause or knowingly permit any person (other than a related corporation of the bank which carries on any business referred to in section 30(1)(a), (b), (c) or (d) or the financial holding company of the bank) to use its name, logo or

trade mark in the course of the person's profession, vocation, trade or business without the prior approval of the Authority.

[23/2001; 1/2007]

(3) Any person who contravenes this section shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(4) This section shall not apply, in relation to any bank incorporated in Singapore or any subsidiary of the bank referred to in subsection (1), to —

- (a) any related corporation of the bank which carries on a business referred to in section 30(1)(a), (b), (c) or (d) or the financial holding company of the bank;
- (b) any officer or agent of the bank or of any of its subsidiaries which carries on a business referred to in section 30(1)(a), (b), (c) or (d), in the conduct of any duty or function in or for the bank or the subsidiary, as the case may be;
- (c) any person carrying on a business referred to in section 30(1)(a), (b), (c) or (d) pursuant to any agreement or arrangement with the bank; and
- (d) such other person or class of persons as may be prescribed.

[23/2001; 1/2007]

(5) Nothing in this section shall prevent a person who lawfully uses any name, logo or trade mark in the manner referred to in subsection (1) before 18th July 2001* from continuing to use the

*Date of commencement of the Banking (Amendment) Act 2001 (Act 23 of 2001).

name, logo or trade mark in such manner for a period of 3 years from 18th July 2001.

[23/2001]

Examination of persons suspected of transacting banking business and access to premises

6.—(1) Whenever the Authority has reason to believe that a person is transacting banking business without a licence, the Authority shall, at all times —

- (a) have full and free access to the premises at which that person is suspected of transacting banking business without a licence or at which that person may have books; and
- (b) have the power to examine, copy or take possession of the books of that person in order to ascertain whether or not that person has violated, or is violating, any of the provisions of this Act.

[2/84; 1/2007]

(2) Any refusal to allow full and free access to such premises or to submit such books shall be prima facie evidence of the fact of operation without a licence.

[2/84; 1/2007]

Application for licence

7.—(1) A company which desires authority to carry on banking business in Singapore shall apply in writing to the Authority for a licence under this section and shall supply —

- (a) a copy of the memorandum of association and articles of association or other instrument under which the company is incorporated, duly verified by a statutory declaration made by a senior officer of the company;
- (b) a copy of the latest balance-sheet of the company; and
- (c) such other information as may be called for by the Authority.

(2) Any person who knowingly or recklessly furnishes any document or information which is false or misleading in a material

particular in connection with an application for a licence falling within subsection (1) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or
- (b) in any other case, to a fine not exceeding \$250,000.

[2/84; 23/2001]

(3) Upon receiving an application under subsection (1), the Authority shall consider the application and may, subject to section 9 or 9A, as the case may be, grant a licence, with or without conditions, or refuse to grant a licence.

[23/2001]

(4) The Authority may at any time vary or revoke any existing conditions of a licence or impose conditions or additional conditions thereto.

(5) The Authority shall, prior to any action under subsection (4) —

- (a) notify its intention to take that action to the bank concerned; and
- (b) give the bank an opportunity to submit reasons why the conditions of its licence should not be so varied or revoked.

(6) Where a licence is subject to conditions, the bank shall comply with those conditions.

(7) Any bank which fails to comply with any of the conditions of its licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues after conviction.

[2/84; 23/2001]

Licence fees

8.—(1) Every bank in Singapore shall pay such annual licence fee as the Authority may, by notification in the *Gazette*, prescribe.

(2) The Authority may prescribe different licence fees in respect of different classes or categories of banks and the fees shall apply uniformly to those classes or categories.

(3) The manner of payment of the licence fee shall be as specified by the Authority.

Minimum capital requirements

9.—(1) Subject to this Act, a bank shall not be granted or hold a licence unless —

(a) in the case of a bank incorporated in Singapore, its paid-up capital is not less than \$1,500 million or such other amount as may be prescribed, and its capital funds are not less than that amount; or

(b) in the case of a bank incorporated outside Singapore its head office capital funds are not less than the equivalent of \$200 million.

[28/93; 21/96; 23/2001; 1/2007]

(2) A bank incorporated outside Singapore which holds a licence to carry on banking business in Singapore on 8th October 1993 shall be exempt from subsection (1)(b).

[23/2001]

(3) A bank incorporated in Singapore shall not reduce its paid-up capital, or purchase or otherwise acquire shares issued by the bank if such shares are to be held as treasury shares, without the approval of the Authority.

[1/2007]

(4) Any bank which fails to comply with any requirement under subsection (1) shall immediately notify the Authority.

[23/2001]

(5) Where a bank fails to comply with any provision of this section, the Authority may, without prejudice to section 71, by notice in writing to the bank —

(a) restrict or suspend the operations of the bank; or

- (b) give such directions to the bank as the Authority considers appropriate, and the bank shall comply with such directions.

[23/2001]

- (6) In this section —

“head office capital funds”, in relation to a bank incorporated outside Singapore, means the aggregate of its paid-up capital (or its equivalent recognised by the Authority as applicable to the bank under the laws of the country or territory in which the bank is incorporated, formed or established) and its published reserves (excluding such reserves as the Authority may specify in writing), deduction having been made for any loss appearing in the accounts of the bank;

“paid-up capital” does not include any amount that is represented by treasury shares.

[1/2007]

Capital requirements for qualifying subsidiaries

9A.—(1) Notwithstanding section 9, a company incorporated in Singapore which is a qualifying subsidiary may be granted and hold a licence under section 7 if —

- (a) it is and continues to be a qualifying subsidiary; and
(b) its paid-up capital is not less than \$100 million.

[23/2001; 1/2007]

(2) A bank which is a qualifying subsidiary shall not reduce its paid-up capital, or purchase or otherwise acquire shares issued by the bank if such shares are to be held as treasury shares, without the approval of the Authority.

[1/2007]

(3) A bank which is a qualifying subsidiary shall maintain capital funds of not less than \$100 million unless the Authority approves otherwise.

[23/2001; 1/2007]

(4) The Authority may, in its discretion, on application by any bank, exempt that bank from subsection (1)(a) subject to such conditions as the Authority may impose, and in such event, the other provisions of

this section shall continue to apply to that bank notwithstanding that it may no longer be a qualifying subsidiary.

[23/2001]

(5) Any bank which fails to comply with any requirement under subsection (1) shall immediately notify the Authority.

[23/2001]

(6) Where a bank fails to comply with any provision of this section or any condition imposed by the Authority under this section, the Authority may, without prejudice to section 71, by notice in writing to the bank —

(a) restrict or suspend the operations of the bank; or

(b) give such directions to the bank as it considers appropriate and the bank shall comply with such directions.

[23/2001]

(7) In this section, “paid-up capital” does not include any amount that is represented by treasury shares.

[1/2007]

Risk-based capital requirements

10.—(1) The Authority may, by notice in writing, require any bank in Singapore or class of banks in Singapore to maintain capital funds in Singapore of such amount (not being less than the minimum prescribed in section 9 or 9A, as the case may be) and in such manner as the Authority considers appropriate, having regard to the risks arising from the activities of the bank or class of banks, as the case may be, and such other factors as the Authority considers relevant.

[23/2001]

(2) A bank incorporated in Singapore shall not, at any time, have a capital adequacy ratio of less than 12%, or such other percentage as may be determined by the Authority from time to time, as calculated in accordance with such form, content and manner as may be determined by the Authority by notice in writing.

[28/93]

(3) The Authority may, if it considers appropriate in the particular circumstances of a bank incorporated in Singapore, having regard to the risks arising from the activities of the bank and such other factors

as the Authority considers relevant, vary the capital adequacy ratio applicable to that bank.

[23/2001]

(4) The Authority may restrict or suspend the operations of a bank which fails to comply with subsection (2) or (3) or any requirement of the Authority under subsection (1).

[28/93; 23/2001]

Foreign government-owned banks

11. [*Repealed by Act 1 of 2007*]

Appeal to Minister

11A. Any applicant who is aggrieved by the refusal of the Authority to grant a licence under section 7(3) may, within 30 days of the decision of the Authority, appeal in writing to the Minister whose decision shall be final and shall be given effect to by the Authority.

[28/93; 23/2001; 1/2007]

Branches

12.—(1) No bank shall open a new place of business or change the location of an existing place of business in Singapore without submitting a written application in respect thereof to the Authority which may —

(a) give its approval; or

(b) without assigning any reason, refuse to give its approval.

(2) No bank incorporated in Singapore shall open a new branch, agency or office in any place outside Singapore without submitting a written application in respect thereof to the Authority, which shall approve or reject the application.

(3) Any bank which contravenes subsection (1) or (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine of \$2,500 for every day during which the offence continues after conviction.

[2/84; 23/2001]

Fees to be paid in respect of branches of banks

13.—(1) The Authority may, from time to time by notification in the *Gazette*, specify the annual licence fees which banks in Singapore shall pay for each of their branches.

(2) The manner of payment shall be as specified by the Authority.

Mergers

14.—(1) A bank incorporated in Singapore shall not be merged or consolidated with, or be taken over by, any other body corporate or unincorporate without the prior written approval of the Minister.

[23/2001]

(2) The Minister may approve an application made under subsection (1) if —

(a) the Authority is satisfied that —

(i) the body corporate or unincorporate is a fit and proper person or body of persons; and

(ii) having regard to the likely influence of the body corporate or unincorporate, the business of the bank will be or will continue to be conducted prudently and the provisions of this Act will be or will continue to be complied with in relation to such business; and

(b) the Minister is satisfied that it is in the national interest to do so.

[1/2007]

(2A) The parties to a proposed merger or consolidation, in respect of which an application is made under this section, shall furnish such information as the Minister or the Authority may require for the purposes of subsection (2).

[1/2007]

(3) Without prejudice to the generality of subsection (1), for the purposes of this section, a bank shall be deemed to be merged with a body corporate or unincorporate if the bank or its shareholders enter into any agreement or arrangement under which all or substantially all of the business of the bank is to be managed, and under which the shareholders of the bank will be accorded rights, as if the bank has

been merged with such body corporate or unincorporate, as the case may be.

[23/2001]

Approval by Minister for merger of certain banks

14A.—(1) Subject to this section and section 14B, on the joint application of a bank and one or more banks which are wholly-owned subsidiaries of that bank, the Minister may approve the merger of those banks and issue a certificate of approval.

[28/93]

(2) The issue of a certificate of approval by the Minister under subsection (1) merges the banks that are parties to the merger agreement on which the application for the certificate of approval is based.

[28/93]

(3) Where a certificate of approval is issued under subsection (1) merging the banks, the merger shall for all purposes be deemed to have occurred and to be effective on the date mentioned in subsection (4).

[28/93]

(4) A certificate of approval issued under subsection (1) shall have no force or effect until a copy of the certificate and the merger agreement on which it is issued is lodged with the Registrar of Companies, and upon being so lodged the certificate shall take effect on and from the date of lodgment.

[28/93]

(5) No application to the Minister for a certificate of approval merging 2 or more banks may be made under subsection (1) unless —

- (a) the merger is between a bank and one or more banks which are wholly owned subsidiaries of that bank;
- (b) the banks proposing to merge have entered into a merger agreement; and
- (c) the application for the certificate of approval is made within 2 weeks from the date of execution of the merger agreement referred to in paragraph (b).

[28/93; 23/2001]

(6) Where a certificate of approval is issued under subsection (1) merging the banks, those banks shall publish a notice of the approval of the merger at least once in a local Malay, English, Chinese and Tamil language daily newspaper within one week from the date of the certificate of approval.

[28/93]

(7) For the avoidance of doubt, it is hereby declared that sections 210 and 212 of the Companies Act (Cap. 50) shall not apply to the banks which have jointly applied for a certificate of approval under subsection (1).

[28/93]

Condition for issue of certificate of approval

14B.—(1) The Minister shall not issue a certificate of approval under section 14A unless the application thereof is supported by satisfactory evidence that the applicants have complied with the requirements of that section in relation to the merger.

[28/93]

(2) Nothing in this Act shall be construed as precluding the Minister from refusing to issue or approve the issue of any certificate of approval under section 14A and any decision of the Minister under that section shall be final and shall not be called in question in any court.

[28/93]

Effect of merger

14C. As from the date mentioned in section 14A(4), the provisions set out in the Second Schedule shall have effect and shall apply to the banks that are parties to the merger agreement on which a certificate of approval is issued under section 14A(1).

[28/93]

Application and interpretation of sections 15A to 18

15.—(1) This section and sections 15A to 18 shall apply to, and in relation to, all individuals whether resident in Singapore or not and whether citizens of Singapore or not, and to all bodies corporate or unincorporate, whether incorporated or carrying on business in Singapore or not.

[23/2001]

- (2) In sections 15A to 18, unless the context otherwise requires —
- “arrangement” includes any formal or informal scheme, arrangement or understanding, and any trust whether express or implied;
- “designated financial institution” means —
- (a) a bank incorporated in Singapore; or
 - (b) a financial holding company;
- “voting share” has the same meaning as in section 4(1) of the Companies Act (Cap. 50).

[23/2001]

Control of substantial shareholdings in designated financial institutions

15A.—(1) No person shall, on or after 18th July 2001*, become a substantial shareholder of a designated financial institution without first obtaining the approval of the Minister.

[23/2001]

(2) Subject to section 15C(4), no person who, immediately before 18th July 2001, is a substantial shareholder of a designated financial institution shall continue to be such a shareholder unless he has, within 6 months after 18th July 2001 or such longer period as the Minister may allow, applied to the Minister for approval to continue to be such a shareholder.

[23/2001]

(3) No person shall, on or after 18th July 2001, enter into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the acquisition, holding or disposal of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of 5% or more of the total votes attached to all voting shares in a designated financial institution, without first obtaining the approval of the Minister.

[23/2001; 21/2005]

(4) Subject to section 15C(4), no person who, at any time before 18th July 2001, has entered into any agreement or arrangement

*Date of commencement of the Banking (Amendment) Act 2001 (Act 23 of 2001).

referred to in subsection (3) shall continue to be a party to such an agreement or arrangement unless he has, within 6 months after 18th July 2001 or such longer period as the Minister may allow, applied to the Minister for approval to continue to be a party to such an agreement or arrangement.

[23/2001]

(5) For the purposes of this section, a person has an interest in any share if —

- (a) he is deemed to have an interest in that share under section 7 of the Companies Act (Cap. 50); or
- (b) he otherwise has a legal or an equitable interest in that share except for such interest as is to be disregarded under section 7 of the Companies Act.

[23/2001]

Control of shareholdings and voting power in designated financial institutions

15B.—(1) No person shall, on or after 18th July 2001, become —

- (a) a 12% controller;
- (b) a 20% controller; or
- (c) an indirect controller,

of a designated financial institution without first obtaining the approval of the Minister.

[23/2001]

(2) Subject to section 15C(4), no person who, immediately before 18th July 2001, is —

- (a) a 12% controller;
- (b) a 20% controller; or
- (c) an indirect controller,

of a designated financial institution shall continue to be such a controller unless he has, within 6 months after 18th July 2001 or such longer period as the Minister may allow, applied to the Minister for approval to continue to be such a controller.

[23/2001]

(3) In subsections (1)(a) and (b) and (2)(a) and (b) —

“12% controller” means a person, not being a 20% controller, who alone or together with his associates —

- (a) holds not less than 12% of the total number of issued shares in the designated financial institution; or
- (b) is in a position to control voting power of not less than 12% in the designated financial institution;

“20% controller” means a person who, alone or together with his associates —

- (a) holds not less than 20% of the total number of issued shares in the designated financial institution; or
- (b) is in a position to control voting power of not less than 20% in the designated financial institution.

[23/2001; 21/2005]

(4) For the purposes of subsection (3) —

(a) a person holds a share if —

(i) he is deemed to have an interest in that share under section 7(6) to (10) of the Companies Act (Cap. 50); or

(ii) he otherwise has a legal or an equitable interest in that share except for such interest as is to be disregarded under section 7(6) to (10) of the Companies Act;

(b) a reference to the control of a percentage of the voting power in a designated financial institution is a reference to the control, whether direct or indirect, of that percentage of the total number of votes that might be cast in a general meeting of the designated financial institution; and

(c) a person, *A*, is an associate of another person, *B*, if —

(i) *A* is the spouse or a parent, remoter lineal ancestor or step-parent or a son, daughter, remoter issue, step-son or step-daughter or a brother or sister, of *B*;

- (ii) *A* is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of *B*, or where *B* is a corporation, of the directors of *B*;
- (iii) *B* is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of *A*, or where *A* is a corporation, of the directors of *A*;
- (iv) *A* is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of *B*;
- (v) *B* is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of *A*;
- (vi) *A* is a related corporation of *B*;
- (vii) *A* is a corporation in which *B*, alone or together with other associates of *B* as described in paragraphs (ii) to (vi), is in a position to control not less than 20% of the voting power in *A*;
- (viii) *B* is a corporation in which *A*, alone or together with other associates of *A* as described in paragraphs (ii) to (vi), is in a position to control not less than 20% of the voting power in *B*; or
- (ix) *A* is a person with whom *B* has an agreement or arrangement, whether oral or in writing and whether express or implied, to act together with respect to the acquisition, holding or disposal of shares or other interests in, or with respect to the exercise of their voting power in relation to, the designated financial institution.

[23/2001]

(5) In subsections (1)(c) and (2)(c), “indirect controller” means any person, whether acting alone or together with any other person, and whether with or without holding shares or controlling voting power in a designated financial institution —

- (a) in accordance with whose directions, instructions or wishes the directors of the designated financial institution are accustomed or under an obligation, whether formal or informal, to act; or
- (b) who is in a position to determine the policy of the designated financial institution,

but does not include any person —

- (i) who is a director or other officer of the designated financial institution whose appointment has been approved by the Authority; or
- (ii) in accordance with whose directions, instructions or wishes the directors of the designated financial institution are accustomed to act by reason only that they act on advice given by him in his professional capacity.

[23/2001]

Approval of applications

15C.—(1) The Minister may approve an application made by any person under section 15A or 15B if —

- (a) the Authority is satisfied that —
 - (i) the person is a fit and proper person; and
 - (ii) having regard to the likely influence of the person, the designated financial institution will or will continue to conduct its business prudently and comply with the provisions of this Act; and
- (b) the Minister is satisfied that it is in the national interest to do so.

[1/2007]

(2) Any approval under this section may be granted to any person subject to such conditions as the Minister may determine, including but not limited to any condition —

- (a) restricting the person's disposal or further acquisition of shares or voting power in the designated financial institution; or
- (b) restricting the person's exercise of voting power in the designated financial institution.

[23/2001]

(2A) The Minister may at any time add to, vary or revoke any condition imposed under subsection (2).

[1/2007]

(3) Any condition imposed under subsection (2) shall have effect notwithstanding any of the provisions of the Companies Act (Cap. 50) or anything contained in the memorandum or articles of association of the designated financial institution.

[23/2001]

(4) Where the Minister disapproves an application made by any person under section 15A(2) or (4) or 15B(2), the person shall, within such time as the Minister may specify, take such steps as are necessary —

- (a) in the case of section 15A(2), to cease to be a substantial shareholder;
- (b) in the case of section 15A(4), to cease to be a party to the agreement or arrangement; or
- (c) in the case of section 15B(2), to cease to be —
 - (i) a 12% controller;
 - (ii) a 20% controller; or
 - (iii) an indirect controller,as the case may be.

[23/2001]

(5) Notwithstanding the repeal of sections 15, 16 and 17 in force immediately before 18th July 2001, the following approvals granted by the Authority before that date shall continue and be deemed to be

approvals granted by the Minister under this section, subject to such additional conditions as the Minister may at any time by notice in writing, impose:

- (a) any approval or condition imposed in relation thereto under the repealed section 15(2) shall be deemed to be an approval granted or a condition imposed under this section as if an application for approval had been made under section 15B(2)(b);
- (b) any approval or condition imposed in relation thereto under the repealed section 16(1) shall be deemed to be an approval granted or a condition imposed under this section as if an application for approval had been made under section 15B(2)(c); or
- (c) any approval or condition imposed in relation thereto under the repealed section 17(1) shall be deemed to be an approval granted or a condition imposed under this section as if an application for approval had been made under section 15A(2).

[23/2001]

Power to exempt and make further transitional provisions

15D. The Minister may, by order published in the *Gazette* —

- (a) exempt —
 - (i) any person or class of persons; or
 - (ii) any class or description of shares or interests in shares,from section 15A or 15B, subject to such terms and conditions as may be specified in the order; and
- (b) make such further transitional provisions as he considers necessary or expedient for the purposes of section 15A, 15B or 15C.

[23/2001]

Objection to existing control of designated financial institutions

15E.—(1) The Minister may serve a written notice of objection on any person referred to in section 15A or 15B if —

(a) the Minister is satisfied that —

- (i) any condition of approval imposed on the person under section 15C has not been complied with;
- (ii) it is no longer in the national interest to allow the person to continue to be a party to the agreement or arrangement described in section 15A(3) or (4), or to continue to be a substantial shareholder, a 12% controller, a 20% controller or an indirect controller, as the case may be;
- (iii) the person has furnished any false or misleading information or document in connection with an application under section 15A or 15B; or
- (iv) he would not have granted his approval under section 15C had he been aware, at that time, of circumstances relevant to the person's application for such approval; or

(b) the Authority is satisfied that —

- (i) the person ceases to be a fit and proper person;
- (ii) having regard to the likely influence of the person, the designated financial institution is no longer likely to conduct its business prudently or to comply with the provisions of this Act; or
- (iii) it would not have been satisfied as to any of the matters specified in section 15C(1)(a) had it been aware, at that time, of circumstances relevant to the person's application under section 15A or 15B.

[1/2007]

(2) Before the service of a written notice of objection, the Minister shall, unless he decides that it is not practicable or desirable to do so, cause to be given to the person concerned notice in writing of his

intention to serve the written notice of objection, specifying a date by which the person may make written representations with regard to the proposed written notice of objection.

[23/2001]

(3) Upon receipt of any written representations, the Minister shall consider them for the purpose of determining whether to issue a written notice of objection.

[23/2001]

(4) The Minister shall, in any written notice of objection, specify a reasonable period within which the person to be served the written notice of objection shall —

- (a) take such steps as are necessary to ensure that he ceases to be a party to the agreement or arrangement described in section 15A(3) or (4), or ceases to be a substantial shareholder, a 12% controller, a 20% controller or an indirect controller as defined in section 15B(3) and (5), as the case may be; or
- (b) comply with such direction or directions as the Minister may make under section 16.

[23/2001]

(5) Any person served with a written notice of objection under this section shall comply with the notice.

[23/2001]

Power to make directions

16.—(1) Without prejudice to section 17, if the Minister is satisfied that any person has contravened section 15A, 15B, 15C(4) or 15E(5) or has failed to comply with any condition imposed under section 15C(2) or (5), or if the Minister has served a written notice of objection under section 15E, the Minister may, by notice in writing —

- (a) direct the transfer or disposal of all or any of the shares in the designated financial institution held by the person or any of his associates (referred to in this section as the specified shares) within such time or subject to such conditions as the Minister considers appropriate;

- (b) restrict the transfer or disposal of the specified shares; or
- (c) make such other direction as the Minister considers appropriate.

[23/2001]

(2) Any person to whom a notice is given under subsection (1) shall comply with such direction or directions as may be specified in the notice.

[23/2001]

(3) In the case of any direction made under subsection (1)(a) or (b), until a transfer or disposal is effected in accordance with the direction or until the restriction on the transfer or disposal is removed, as the case may be, notwithstanding any of the provisions of the Companies Act (Cap. 50) or anything contained in the memorandum or articles of association of the designated financial institution —

- (a) no voting rights shall be exercisable in respect of the specified shares unless the Minister expressly permits such rights to be exercised;
- (b) no shares of the designated financial institution shall be issued or offered (whether by way of rights, bonus or otherwise) in respect of the specified shares unless the Minister expressly permits such issue or offer; and
- (c) except in a liquidation of the designated financial institution, no payment shall be made by the designated financial institution of any amount (whether by way of dividends or otherwise) in respect of the specified shares unless the Minister expressly authorises such payment.

[23/2001]

(4) In this section, “associate” has the same meaning as in section 15B(4)(c).

[23/2001]

Offences, penalties and defences

17.—(1) Any person who contravenes section 15A, 15B(1)(a) or (2)(a) or 15C(4)(a), (b) or (c)(i) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(2) Any person who contravenes section 15B(1)(b) or (c), (2)(b) or (c), 15C(4)(c)(ii) or (iii), 15E(5) or 16(2), or who fails to comply with any condition imposed under section 15C(2) or (5), shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(3) Where a person is charged with an offence in respect of a contravention of section 15A or 15B, it shall be a defence for the person to prove that —

- (a) he was not aware that he had contravened section 15A or 15B, as the case may be; and
- (b) he has, within 14 days of becoming aware that he had contravened section 15A or 15B, as the case may be, notified the Minister of the contravention and, within such time as determined by the Minister, taken such actions in relation to his shareholding or control of the voting power

in the designated financial institution as the Minister may direct.

[23/2001]

(4) Where a person is charged with an offence in respect of a contravention of section 15B(1), it shall also be a defence for the person to prove that, even though he was aware of the contravention —

- (a) the contravention occurred as a result of an increase in the shareholding as described in section 15B(4)(a) of, or in the voting power controlled by, any of his associates described in section 15B(4)(c)(i);
- (b) he has no agreement or arrangement, whether oral or in writing and whether express or implied, with that associate with respect to the acquisition, holding or disposal of shares or other interests in, or under which they act together in exercising their voting power in relation to, the designated financial institution; and
- (c) he has, within 14 days of the date of the contravention, notified the Minister of the contravention and, within such time as may be determined by the Minister, taken such action in relation to his shareholding or control of the voting power in the designated financial institution as the Minister may direct.

[23/2001]

(5) Except as provided in subsections (3) and (4), it shall not be a defence for a person charged with an offence in respect of a contravention of section 15A or 15B to prove that he did not intend to or did not knowingly contravene section 15A or 15B, as the case may be.

[23/2001]

Power of Authority to obtain information

18.—(1) The Authority may, by notice in writing, direct any designated financial institution to obtain from any of its shareholders and to transmit to the Authority any information relating to its shareholders which the Minister or the Authority may require for the purpose of ascertaining or investigating into the control of

shareholding or voting power in the designated financial institution, or exercising any power or function under sections 15A to 17, including information —

- (a) as to whether that shareholder holds any share in the designated financial institution as beneficial owner or as trustee; and
- (b) if he holds the share as trustee, to indicate as far as he can, the person for whom he holds the share (either by name or by other particulars sufficient to enable that person to be identified) and the nature of his interest,

and the designated financial institution shall comply with that direction within such time as may be specified in the notice.

[23/2001; 1/2007]

(2) The Authority may, by notice in writing, require any shareholder of a designated financial institution, or any person who appears from information provided to the Authority under subsection (1) or this subsection to have an interest in any share in a designated financial institution, to provide to the Authority any information relating to the shareholder or the person, as the case may be, which the Minister or the Authority may require for the purpose of ascertaining or investigating into the control of shareholding or voting power in the designated financial institution, or exercising any power or function under sections 15A to 17, including —

- (a) whether he holds that interest as beneficial owner or as trustee, and if he holds the interest as trustee, to indicate as far as he can, the person for whom he holds the interest (either by name or by other particulars sufficient to enable that person to be identified) and the nature of his interest; or
- (b) whether any share or any voting right attached to the share is the subject of an agreement or arrangement described in section 15A(3) or (4) or 15B(4)(c)(ix), and if so, to give particulars of the agreement or arrangement and the parties to it,

and the shareholder or the person shall comply with that notice within such time as may be specified therein.

[23/2001; 1/2007]

(3) Any person who —

- (a) fails to comply with a notice under this section; or
- (b) in purported compliance of the notice, knowingly or recklessly furnishes any information or document that is false or misleading in a material particular,

shall be guilty of an offence.

[23/2001; 1/2007]

(4) Any person convicted of an offence under this section shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Amendment of bank's constitution

19.—(1) Every bank incorporated in Singapore shall, prior to the making of any amendment or alteration in the memorandum of association and articles of association or other instrument under which it is incorporated, furnish to the Authority particulars in writing of the proposed amendment or alteration.

(2) Every bank whether incorporated inside or outside Singapore shall, within 3 months after the making of any amendment or alteration in the memorandum of association and articles of association or other instrument under which it is incorporated, furnish to the Authority particulars in writing (verified by a statutory

declaration made by a senior officer of the bank) of the amendment or alteration.

(3) Any bank which contravenes subsection (1) or (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine of \$2,500 for every day during which the offence continues after conviction.

[2/84; 23/2001]

Revocation of licence

20.—(1) The Authority may by order revoke a licence issued under this Act —

- (a) if the Authority is satisfied that the bank holding that licence —
 - (i) has ceased to transact banking business in Singapore;
 - (ii) has furnished information or documents to the Authority in connection with its application for a licence which is or are false or misleading in a material particular;
 - (iii) if it is a bank incorporated outside Singapore, has had its licence or authority to operate withdrawn by the supervisory authority which is responsible, under the laws of the country or territory where the bank is incorporated, formed or established, for supervising the bank;
 - (iv) proposes to make, or has made, any composition or arrangement with its creditors or has gone into liquidation or has been wound up or otherwise dissolved;
 - (v) 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;
 - (vi) is contravening the provisions of this Act;

(vii) has been convicted of any offence under this Act or any of its directors or officers holding a managerial or executive position has been convicted of any offence under this Act; or

(viii) has contravened any provision of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 or any Rules issued by the deposit insurance and policy owners' protection fund agency under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011; or

[15/2011 wef 01/05/2011]

(b) if, upon the Authority exercising any power under section 49(2) or the Minister exercising any power under Division 2, 3 or 4 of Part VIIA in relation to the bank, the Authority considers that it is in the public interest to revoke the licence.

[2/84; 23/2001; 31/2005; 1/2007]

(2) The Authority shall before revoking any licence under subsection (1) —

(a) cause to be given to the bank concerned notice in writing of its intention to do so, specifying a date, not less than 21 days after the date of the notice, upon which the revocation will take effect; and

(b) call upon the bank to show cause to the Authority why the licence should not be revoked.

(3) When the Authority has revoked a licence under subsection (1), the Authority shall immediately inform the bank of the revocation.

(4) Any bank whose licence has been revoked under this section shall have a right of appeal to the High Court against the order of revocation.

(5) An order of revocation made by the Authority shall not take effect until the expiration of a period of 21 days after the Authority has informed the bank of the order.

(6) If within that period the bank concerned gives due notice of appeal to the High Court, the order shall not take effect unless the

order is confirmed by the Court or the appeal is for any reason dismissed by that Court.

(7) The making of an appeal by a bank under this section shall in no way affect the exercise of any power by the Authority under section 49, 50, 51, 52 or 53, or the exercise of any power by the Minister under Division 2, 3 or 4 of Part VIIA, in relation to the bank.
[1/2007]

Effect of revocation of licence

21.—(1) Where an order of revocation becomes effective under section 20 —

- (a) notice of the revocation shall be published in the *Gazette*; and
- (b) the bank shall, as from the date of the notice, cease to transact any banking business in Singapore except as may be approved by the Authority for the purpose of winding up its banking business.

(2) Subsection (1)(b) shall not prejudice the enforcement by any person of any right or claim against the bank or by the bank of any right or claim against any person.

PART IV

RESERVE FUNDS, DIVIDENDS, BALANCE-SHEETS AND INFORMATION

Maintenance of reserve fund

22. [Repealed by Act 1 of 2007]

Maintenance of adequate provision for bad and doubtful debts

23. Every bank in Singapore shall make provision for bad and doubtful debts and before any profit or loss is declared ensure that that provision is adequate.

[23/2001]

Dividends

24. [Repealed by Act 23 of 2001]

Publication and exhibition of audited balance-sheet

25.—(1) Every bank shall exhibit in a conspicuous position in each of its offices and branches in Singapore —

- (a) a copy of its latest audited annual balance-sheet and profit and loss account, together with any notes thereon, and a copy of the report of the auditors, except that in the case of a bank incorporated outside Singapore, those statements may be made in a manner that complies with the law for the time being applicable in the place of its incorporation or origin;
- (b) the full and correct names of all persons who are directors for the time being of the bank; and
- (c) the names of all subsidiary companies for the time being of the bank.

[28/93]

(2) Every bank shall, within 5 months after the close of each financial year or within such period as the Authority may approve, publish in such newspaper or newspapers as may be prescribed by regulations a copy of its latest audited annual balance-sheet and profit and loss account containing at least such information as the Authority may require by notice in writing.

[23/2001]

(3) In the case of a bank incorporated outside Singapore, the statements referred to in subsection (2) may be made in a manner that complies with the law for the time being applicable in the place of its incorporation or origin.

[28/93]

(4) The Authority may, by notice in writing, require a bank to publish in addition to its balance-sheet and profit and loss account under subsection (2) such additional information relating to the accounts of that bank for any financial year as the Authority thinks fit.

[28/93]

(5) Any bank which fails to comply with this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine of

\$2,500 for every day during which the offence continues after conviction.

[2/84; 23/2001]

Information to be furnished by banks

26.—(1) Every bank shall furnish to the Authority such information (including returns) at such time and in such manner as the Authority may reasonably require for the proper discharge of its functions.

[23/2001]

***(2)** Every bank shall send to the Authority —

- (a) not later than 3 months after the close of its financial year or within such longer period as the Authority may on application of the bank approve —
 - (i) a copy of its latest audited annual balance-sheet and profit and loss account together with any notes thereon;
 - (ii) a copy of the report of the auditors of the bank;
 - (iii) a copy of the report of the directors of the bank;
 - (iv) a duly audited balance-sheet showing its assets used in, and liabilities arising out of, its operation in Singapore as at the date to which its balance-sheet was made up; and
 - (v) a duly audited profit and loss account which gives a true and fair view of the profit or loss arising out of the bank's operation in Singapore for its last preceding financial year;
- (b) in the case of a bank incorporated in Singapore, within such period as the Authority may require, its interim profit and loss account for every half-year or such other intervals as may be determined by the Authority; and
- (c) within such period and in such manner as the Authority may require, such further or additional information as the Authority may consider necessary either by way of

*The former subsections (2) and (3) of section 26 are omitted from the 2003 Ed., being obsolete by virtue of MAS Notice 610 to Banks issued by the Authority under section 26(1).

explanation, amplification or otherwise with regard to any of the balance-sheets and profit and loss accounts sent under paragraph (a) or (b).

[23/2001]

***(3)** In the case of a bank incorporated outside Singapore, the statements referred to in subsection (2)(a)(i), (ii) and (iii) may be made in a manner that complies with the law for the time being applicable in the place of its incorporation, formation or establishment.

[23/2001]

(4) The Authority may, in its discretion, regard the balance-sheet and profit and loss account as having been duly audited for the purpose of subsection (2)(a)(iv) and (v) if the balance-sheet and profit and loss account are accompanied by a report by a public accountant within the meaning of the Companies Act (Cap. 50) which complies, insofar as it is practicable, with section 207 of that Act.

[23/2001; 5/2004]

(5) The Authority may require any statement submitted to it under subsection (1) to be accompanied by a certificate —

- (a) of the auditor appointed by the bank under section 58(1); or
- (b) of any other auditor appointed by the Authority under section 58(3),

as to whether in the opinion of the auditor, the statement or information is correct.

(6) Any information received from a bank under this section shall be treated as secret by the Authority.

[23/2001]

(6A) Nothing in subsection (6) shall preclude the Authority from disclosing any information, not being customer information as defined in section 40A, received from a bank under this section if —

- (a) the information is in the public domain;
- (b) the information is disclosed in such a manner that the bank's identity cannot be ascertained;

*The former subsections (2) and (3) of section 26 are omitted from the 2003 Ed., being obsolete by virtue of MAS Notice 610 to Banks issued by the Authority under section 26(1).

- (c) the bank or the person from whom the bank has obtained the information consents to the disclosure;
- (d) the person to whom the information relates consents to the disclosure; or
- (e) the disclosure of the information is necessary for the performance of any principal object or function, or the exercise of any power, of the Authority under this Act or any other written law.

[1/2007]

(7) Nothing in this section shall prevent the Authority from preparing and publishing consolidated statements aggregating such information as may be furnished under this section.

[28/93]

(8) Any bank which fails or neglects to furnish any information required by the Authority under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues after conviction.

[2/84; 28/93; 23/2001]

Action to be taken if credit facilities or exposures are against interests of depositors

27.—(1) Every bank in Singapore shall prepare a statement in respect of each quarter of a year, in such form as may be specified by the Authority, showing as at the end of that quarter all the credit facilities from and all the exposures of the bank to —

- (a) any person in a director group of the bank;
- (b) any firm or limited liability partnership of which the bank is a partner, a manager, an agent, a guarantor or a surety;
- (c) any company of which any of the directors of the bank is a director or an agent;
- (d) any company of which the bank or any of its officers (other than directors), employees or other persons who receive remuneration from the bank (other than for professional

services rendered to the bank) is a director, an executive officer, an agent, a guarantor or a surety;

- (e) any of its officers (other than directors), employees or other persons who receive remuneration from the bank (other than for professional services rendered to the bank) in excess of one year's emoluments of the officer, employee or person;
- (f) in the case of a bank incorporated in Singapore, any person in a substantial shareholder group of the bank;
- (g) any person in the financial group of the bank;
- (h) any related corporation of the bank;
- (i) any individual in whom, or any firm, limited liability partnership or company in which, any of the directors of the bank has an interest, directly or indirectly, as declared under section 28 other than the credit facilities or exposures particulars of which have already been supplied under this subsection; and
- (j) such other person or class of persons as may be prescribed.

[1/2007]

(2) A statement under subsection (1) —

- (a) shall be prepared within 7 days, or such other period as may be approved by the Authority, after the quarter of the year in respect of which it is to be prepared;
- (b) shall —
 - (i) in the case of a bank incorporated in Singapore, be brought up and read at the next meeting of its board of directors after it is prepared; and
 - (ii) in the case of a bank incorporated outside Singapore, be submitted to the head office of the bank; and
- (c) shall be submitted to the Authority within 7 days from the date on which it is read at the meeting of the board of directors or submitted to the head office of the bank, as the case may be.

[1/2007]

(3) If, on examination of any statement supplied by a bank under subsection (2)(c), it appears to the Authority that any credit facility from or any exposure of the bank to any person is to the detriment of the interests of the depositors of the bank, the Authority may by notice in writing to the bank do one or more of the following:

- (a) direct the bank to secure repayment of the credit facility or reduce the exposure within such time and to such extent as may be specified in the notice;
- (b) prohibit the bank from granting any further credit facility to the person or impose such restrictions on the grant thereof as the Authority thinks fit;
- (c) direct the bank to cease any further exposure to the person or impose such restrictions on such further exposure as the Authority thinks fit.

[1/2007]

(4) In this section —

“director”, in relation to a bank in Singapore, has the meaning given to it in the Fifth Schedule;

“director group” has the meaning given to it in the Fifth Schedule;

“exposure” has the meaning given to it in the Fifth Schedule;

“financial group” has the meaning given to it in the Fifth Schedule;

“substantial shareholder group” has the meaning given to it in the Fifth Schedule.

[1/2007]

Disclosure of interest by directors

28.—(1) Every director of a bank in Singapore who has in any manner, directly or indirectly, an interest in a credit facility from or an exposure of, or a proposed credit facility from or exposure of, that bank shall as soon as practicable declare the nature of his interest to the board of directors of that bank and the secretary of that bank shall cause the declaration to be circulated immediately to all the directors.

[23/2001; 1/2007]

(2) The requirements of subsection (1) shall not apply in any case where the interest of the director consists only of being a member or creditor of a company which is interested in a credit facility from or an exposure of, or a proposed credit facility from or exposure of, that bank if the interest of the director may properly be regarded as of a trivial nature.

[1/2007]

(3) For the purposes of subsection (1), a general notice given to the board of directors of a bank by a director to the effect that he is an officer or a member of a specified company, or a partner or manager of a specified firm or specified limited liability partnership, and that he is to be regarded as having an interest in any credit facility or exposure which may, after the date of the notice, be granted to or acquired in respect of that company, firm or limited liability partnership, shall be deemed to be a sufficient declaration of interest in relation to any credit facility so granted or any exposure so acquired if —

- (a) it specifies the nature and extent of his interest in that company, firm or limited liability partnership;
- (b) his interest is not different in nature from or greater in extent than the nature and extent so specified in the notice at the time any credit facility is granted or any exposure is acquired; and
- (c) it is given at a meeting of the board of directors or the director takes reasonable steps to ensure that it is brought up and read at the next meeting of the board of directors after it is given.

[1/2007]

(4) Every director of a bank in Singapore who holds any office or possesses any property whereby, directly or indirectly, duties or interest might be created in conflict with his duties or interest as director shall declare at a meeting of the directors of that bank the fact and the nature, character and extent of the conflict.

[23/2001]

(5) The declaration referred to in subsection (4) shall be made at the first meeting of the directors held —

- (a) after he becomes a director of the bank; or
 - (b) if already a director, after he commences to hold the office or to possess the property, as the case may be.
- (6) The secretary of that bank shall —
- (a) cause to be brought up and read any declaration made under subsection (1) or (4) at the next meeting of the directors after it is given; and
 - (b) record any declaration made under this section in the minutes of the meeting at which it was made or at which it was brought up and read.
- (7) Any director who acts in contravention of subsection (1) or (4) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both.

[2/84; 23/2001]

- (8) In this section, “exposure” has the meaning given to it in the Fifth Schedule.

[1/2007]

PART V

PROHIBITED BUSINESS

Exposures and credit facilities

29.—(1) The Authority may by notice in writing to any bank in Singapore, or any class of banks in Singapore, impose such requirements as may be necessary or expedient for the purposes of limiting the exposure of the bank, or a bank within the class of banks, to any one or more of the following:

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

[1/2007]

(2) Without prejudice to the generality of subsection (1), the Authority may in a notice issued under that subsection —

- (a) specify the limit on any exposure;
- (b) exclude any exposure from any limit;
- (c) specify the method of measuring any exposure;
- (d) exclude any bank or class of banks from any requirement imposed under subsection (1); and
- (e) vary any limit in a particular case.

[1/2007]

(3) A bank in Singapore shall not grant any credit facility against the security of its own shares.

[1/2007]

(4) The directors of a bank in Singapore shall, without prejudice to any liability of any of the directors under this Act or any law, jointly and severally indemnify the bank against any loss suffered by the bank arising from —

- (a) any unsecured credit facility granted to;
- (b) any credit facility granted, which subsequently becomes an unsecured credit facility, to; or
- (c) any exposure to,

any person in the director group of the bank whether or not the bank has contravened any requirement imposed under subsection (1) in relation to the director group of the bank.

[1/2007]

(5) A director of a bank in Singapore who resigns or vacates his office shall continue to be liable to indemnify the bank under subsection (4) against any loss which the bank suffers —

- (a) before the resignation or vacation; or
- (b) after the resignation or vacation if the unsecured credit facility is granted, or if the credit facility becomes an unsecured credit facility, or if the exposure is acquired, during the period when he is a director unless —

- (i) the bank suffers the loss after it approves the continuation of the credit facility or exposure; and
- (ii) such approval is given by the bank after the resignation or vacation.

[1/2007]

(6) Any bank which fails to comply with subsection (3) or any requirement imposed under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(7) In this section —

“director group” has the meaning given to it in the Fifth Schedule;

“exposure” has the meaning given to it in the Fifth Schedule;

“financial group” has the meaning given to it in the Fifth Schedule;

“substantial shareholder group” has the meaning given to it in the Fifth Schedule.

[1/2007]

Non-financial businesses

30.—(1) No bank in Singapore shall carry on, or enter into any partnership, joint venture or other arrangement with any person to carry on, whether in Singapore or elsewhere, any business except for the following:

- (a) banking business;
- (b) any business the conduct of which is regulated or authorised by the Authority or, if carried on in Singapore, would be regulated or authorised by the Authority under any written law;
- (c) any business which is incidental to the business which the bank may carry on under paragraph (a) or (b);

- (d) any business or class of business as the Authority may prescribe, subject to such conditions as may be prescribed; or
- (e) any other business as the Authority may approve for the purposes of this section, subject to such conditions as the Authority may impose.

[23/2001; 1/2007]

(2) Nothing in this section shall —

- (a) prevent a bank from holding any equity investment in a company in accordance with section 31; or
- (b) be construed as exempting a bank from any requirement which, apart from this section, the bank is required to comply with under any written law for the conduct of any business.

[23/2001]

(3) Any bank which contravenes this section or fails to comply with any condition imposed or prescribed under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Limit on equity investments

31.—(1) No bank in Singapore shall acquire or hold any equity investment in a single company, the value of which exceeds in the aggregate 2% of the capital funds of the bank or such other percentage as the Authority may prescribe.

[23/2001]

(2) This section shall not apply to —

- (a) any interest held by way of security for the purposes of a transaction entered into in the ordinary course of the business of the bank in Singapore;
- (b) any shareholding or interest acquired or held by a bank in Singapore in the course of satisfaction of debts due to it which is disposed of at the earliest suitable opportunity; or

(c) any major stake approved under section 32.

[23/2001]

(3) The Authority may, by regulations —

(a) provide for the manner of valuation of investments for the purposes of compliance with this section; and

(b) exclude the operation of this section in respect of any investment or class of investments which may be held by any bank, subject to such conditions as may be prescribed.

[23/2001; 1/2007]

(4) Any bank which contravenes this section or fails to comply with any condition imposed or prescribed under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(5) In this section, “equity investment” means any beneficial interest in the share capital of a company, and such other investment, interest or right as may be prescribed.

[23/2001; 1/2007]

Investments in companies undertaking non-financial businesses

32.—(1) No bank in Singapore shall acquire or hold, directly or indirectly, a major stake in any company without the prior approval of the Authority.

[23/2001; 1/2007]

(2) The Authority shall not ordinarily grant its approval under subsection (1) if the company carries on, whether as its principal business or otherwise, any prohibited business.

[23/2001]

(3) Notwithstanding subsection (2), the Authority may, in the circumstances of a particular case, grant its approval for a bank in Singapore to acquire or hold, directly or indirectly, a major stake in a company which carries on any prohibited business.

[23/2001; 1/2007]

(3A) Any approval granted by the Authority under this section to a bank to acquire or hold, directly or indirectly, a major stake in a company may be subject to such conditions as the Authority may determine, including any condition relating to the operations or activities of the company.

[1/2007]

(3B) The Authority may at any time add to, vary or revoke any condition imposed under subsection (3A).

[1/2007]

(4) This section shall not apply to —

- (a) any interest held by way of security for the purposes of a transaction entered into in the ordinary course of the business of the bank in Singapore;
- (b) any shareholding or interest acquired or held by a bank in Singapore in the course of satisfaction of debts due to it which is disposed of at the earliest suitable opportunity; and
- (c) such other interest as may be prescribed.

[23/2001; 1/2007]

(5) The Authority may, by regulations —

- (a) exclude the operation of this section in respect of any company or class of companies, subject to such conditions as may be prescribed;
- (b) provide for the manner of computation of major stakes; and
- (c) provide that any interest or control referred to in the definition of “major stake” in subsection (7), that is acquired or held, directly or indirectly, by a company in which a bank has, directly or indirectly, a major stake shall be deemed to be acquired or held by the bank.

[23/2001; 1/2007]

(6) Any bank which contravenes this section or fails to comply with any condition imposed or prescribed under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not

exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(7) In this section —

“major stake” means —

- (a) any beneficial interest exceeding 10% of the total number of issued shares in a company;
- (b) control over more than 10% of the voting power in a company; or
- (c) any interest in a company, where the 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;

“prohibited business” means any business other than the businesses referred to in section 30(1)(a) to (d).

[23/2001; 1/2007]

(8) This section shall not affect any acquisition or holding of a major stake which was approved by the Authority before 18th July 2001*.

[23/2001]

Immovable property

33.—(1) No bank in Singapore shall acquire or hold 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 Authority may prescribe.

[23/2001]

(2) For the purposes of determining the aggregate value of the interest in or right over immovable property referred to in subsection (1), there shall be excluded such portion of the value as may be attributable to the following:

*Date of commencement of the Banking (Amendment) Act 2001 (Act 23 2001).

- (a) any interest in or right over immovable property or any part thereof used for the purpose of conducting the business of the bank in Singapore or housing or providing amenities for its officers;
- (b) any interest in or right over immovable property held by way of security for the purposes of a transaction entered into in the ordinary course of the business of the bank in Singapore;
- (c) any interest in or right over immovable property held by way of enforcement of such security referred to in paragraph (b), provided that it is disposed of at the earliest suitable opportunity; and
- (d) such other interest in or right over immovable property as the Authority may prescribe.

[23/2001]

(3) The Authority may make regulations to provide for the manner of valuation or apportionment of immovable property for the purposes of this section.

[23/2001]

(4) Any bank which contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine of \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Grace period for sections 30 to 33

34.—(1) Notwithstanding sections 30 to 33, where any business was carried on, or any property or investment was held, by a bank in Singapore immediately before 18th July 2001* with the approval of the Authority (where required) or which did not require the approval of the Authority, the bank may continue to carry on such business or hold such property or investment, as the case may be, for a period of 3 years from 18th July 2001.

[23/2001]

*Date of commencement of the Banking (Amendment) Act 2001 (Act 23 2001).

(2) The Authority may, on application by a bank in Singapore, extend the period referred to in subsection (1) for such further period as the Authority considers appropriate.

[23/2001]

(3) The Authority may, in granting an application for extension under subsection (2) —

(a) levy a charge of an amount not exceeding \$10,000 for every day of the period of extension; or

(b) impose such conditions as it considers appropriate.

[23/2001]

(4) The Authority may, on application by a bank in Singapore, waive any requirement in section 30, 31, 32 or 33, on such conditions as the Authority may impose, where in the opinion of the Authority, the waiver is reasonably necessary for the bank to divest the business, property or investment referred to in subsection (1) by the end of the period referred to in that subsection or the further period referred to in subsection (2).

[23/2001]

Exposure to immovable property sector

35.—(1) The Authority may make such regulations as may be necessary or expedient for the purposes of limiting, in relation to a bank in Singapore, exposure to risks associated, directly or indirectly, with such immovable property as may be prescribed.

[23/2001]

(2) Without prejudice to the generality of subsection (1), the regulations may —

(a) prescribe a limit (referred to in this section as the property sector exposure limit) —

(i) on the credit facilities that may be granted or issued by a bank in Singapore to such person or class of persons as may be prescribed; or

(ii) on the notes, bonds, debentures, derivatives or other financial instruments that may be held by a bank in Singapore;

- (b) provide for the manner of computation for the purpose of determining whether the property sector exposure limit has been complied with;
- (c) provide for the Authority to vary the property sector exposure limit in the circumstances of any particular case;
- (d) provide for such transitional and consequential provisions as may be necessary or expedient; and
- (e) provide that a contravention of the regulations shall be an offence punishable, on conviction, with a fine not exceeding \$100,000 and, in the case of a continuing offence, with a further fine of \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Power of Authority to secure compliance with sections 10, 23, 29, 31, 32, 33, 35 and 42

36.—(1) Any bank in Singapore, if at any time called upon in writing by the Authority to do so, shall satisfy the Authority by the production of such evidence or information as it may require, that the bank is not in contravention of any of the provisions of section 29, 31, 32, 33, 35 or this section.

[2/84; 23/2001]

(2) Without prejudice to sections 10, 23, 29, 31, 32, 33, 35 and 42, the Authority may, for the purpose of securing compliance with those sections on a consolidated basis, from time to time by notice in writing, require any bank to aggregate, in such manner as may be specified in the notice, its assets, liabilities, profits or losses, as the case may be, with the assets, liabilities, profits or losses of all or any of —

- (a) the bank's related corporations; and
- (b) companies in which the bank acquires or holds, directly or indirectly, a major stake as defined in section 32(7).

[23/2001; 1/2007]

(3) The bank shall comply with the requirement referred to in subsection (2) within such time as is specified in the notice.

[2/84]

Relief from limitations imposed by sections 29, 31 and 33

37. [*Repealed by Act 1 of 2007*]

PART VI

MINIMUM ASSET REQUIREMENTS

Minimum liquid assets

38.—(1) The Authority may, from time to time, by notice in writing to any bank in Singapore or class of banks in Singapore, impose requirements in relation to the minimum amount or amounts of liquid assets to be held by the bank or class of banks, having regard to the risks arising from the activities of the bank or class of banks, as the case may be, and such other factors as the Authority considers relevant.

[23/2001]

(2) Without prejudice to the generality of subsection (1), the Authority may, in a notice issued under that subsection, impose limits on each liquid asset or class of liquid assets to be held by a bank or class of banks.

[1/2007]

(2A) Where the Authority issues a notice under subsection (1) to a class of banks, the Authority may require different banks within the class of banks to hold different amount or amounts of liquid assets, having regard to the risks arising from the activities of each bank, the systemic impact of each bank on the financial sector and such other factors as the Authority may consider relevant.

[1/2007]

(3) Whenever the Authority issues a notice under subsection (1), each bank shall be allowed such period of grace, being not less than 3 business days, as may be specified in the notice, in which to comply with its provisions.

[23/2001; 1/2007]

(4) A bank shall not, during any period in which it has failed to comply with any requirement imposed under subsection (1), without the approval of the Authority, grant further advances to any person.
[1/2007]

(5) For the purpose of computing the minimum amount or amounts of liquid assets under this section and specified assets under section 40, and the sight, savings account, time and other liabilities of a bank carrying on business in Singapore and elsewhere, the offices and branches of the bank in Singapore shall be deemed to constitute a separate bank carrying on business in Singapore.

(6) The Authority may by notice in writing require each bank in Singapore to render such returns as the Authority considers necessary for the implementation of this section.
[23/2001]

(6A) The Authority may, at any time, utilise the liquid assets of a bank held for the purposes of subsection (1) for the settlement of the bank's payment obligations, book-entry securities and instruments under any real-time gross settlement system established and operated under section 29A of the Monetary Authority of Singapore Act (Cap. 186), notwithstanding that this may result in the bank failing to comply with any requirement imposed under subsection (1).
[1/2007]

(6B) Notwithstanding subsection (1) and subject to subsection (6E), a bank may, in accordance with the requirements imposed under subsection (6C), utilise its liquid assets held for the purposes of subsection (1) if the bank —

- (a) is in a liquidity stress situation; and
- (b) is solvent immediately before, and will remain solvent after, the utilisation of its liquid assets.

[1/2007]

(6C) For the purposes of subsection (6B), the Authority may, from time to time, by notice in writing to a bank impose requirements in relation to the utilisation by the bank of its liquid assets held for the purposes of subsection (1), including —

- (a) the procedures which the bank must comply with before or after utilising, or during the utilisation of, its liquid assets; and
- (b) the manner in which the bank may utilise its liquid assets.

[1/2007]

(6D) A bank shall, within such time as may be specified by the Authority, provide any information required by the Authority in relation to its liquidity stress situation and the utilisation of its liquid assets held for the purposes of subsection (1).

[1/2007]

(6E) Where the Authority is of the opinion that —

- (a) a bank is not in a liquidity stress situation;
- (b) a bank has failed to comply with any requirement imposed under subsection (6C);
- (c) a bank is or is likely to become insolvent, or that it is or is likely to become unable to meet its obligations, or that it is about to suspend payments; or
- (d) it is in the public interest to do so,

the Authority may by notice in writing to the bank —

- (i) where the bank has already utilised its liquid assets held for the purposes of subsection (1), direct the bank to comply with any requirement imposed under subsection (1) within such time as may be specified by the Authority in the notice; or
- (ii) where the bank has not, or has not fully, utilised its liquid assets held for the purposes of subsection (1), do one or more of the following:
 - (A) refuse to allow the bank to utilise its liquid assets held for the purposes of subsection (1) which are within the control of the Authority;
 - (B) direct the bank to cease utilising its liquid assets held for the purposes of subsection (1);

(C) direct the bank to comply with any requirement imposed under subsection (1) within such time as may be specified by the Authority in the notice.

[1/2007]

(7) Any bank which fails to comply with any requirement imposed under subsection (1) shall be liable to pay, on being called upon to do so by the Authority, for every day or part thereof of such failure, a financial penalty in accordance with such formula as the Minister may, by order published in the *Gazette*, prescribe.

[1/2007]

(8) For the avoidance of doubt, for the purposes of subsections (4) and (7), a bank shall be treated as having failed to comply with a requirement imposed under subsection (1) even if such failure is the result of an action of the Authority under subsection (6A).

[1/2007]

(8A) Any bank which fails to comply with —

(a) subsection (4) or (6D);

(b) any requirement of the Authority under subsection (6) or (6C); or

(c) any direction of the Authority under subsection (6E),

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine of \$25,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(9) In this section —

“liquid assets” means —

(a) notes and coins which are legal tender in Singapore other than assets maintained and held for the purposes of section 40;

(b) balances with the Authority other than cash balances maintained for the purposes of section 39 and assets maintained and held for the purposes of section 40; and

- (c) such other assets as the Authority may from time to time approve;

“liquidity stress situation” has the meaning given to it in the Fifth Schedule.

[1/2007]

Minimum cash balances

39.—(1) The Authority may, from time to time, by notice in writing to any bank in Singapore, or any class of banks in Singapore, require the bank or banks to maintain minimum cash balances, not exceeding 30% of its or their deposits and other liabilities, on deposit with the Authority as reserves against its or their deposits and other liabilities.

[1/2007]

(2) Subject to the limit specified in subsection (1), the Authority may —

- (a) prescribe different ratios for different types of liabilities; and
- (b) further prescribe the method of computing the amount of the required reserves.

[23/2001; 1/2007]

(2A) Where the Authority issues a notice under subsection (1) to a class of banks, the Authority may require different banks within the class of banks to maintain different minimum cash balances, having regard to the risks arising from the activities of each bank, the financial soundness of each bank and such other factors as the Authority may consider relevant.

[1/2007]

(3) Any prescription of, or change in, the minimum reserve requirements under subsection (1) or (2) shall take effect only after the expiration of 30 days' notice to the banks of the Authority's intention to take such action.

(4) Where a bank (referred to in this section as the defaulting bank) has failed to maintain sufficient minimum cash balances required under subsection (1), the Authority may by order in writing direct the defaulting bank to make good the deficiency within the period

specified in the order and the defaulting bank shall comply with the requirements of the order.

(5) If the defaulting bank fails to make good the deficiency within the period specified in the order referred to in subsection (4), it shall be lawful, notwithstanding the provisions of any other written law, for the Authority to serve a notice in writing upon any other bank in Singapore with which the defaulting bank has a credit balance, whether in current or deposit account, directing that bank to transfer to the Authority such amount as is specified in the notice as being equivalent to the amount of the deficiency in the minimum cash balances of the defaulting bank required under subsection (1) and the other bank shall immediately comply with the requirements of that notice.

[23/2001]

(6) No action shall lie against, and no liability shall attach to, any bank in Singapore that complies with the requirements of a notice referred to in subsection (5) for any loss or damage suffered by the defaulting bank as a result of the other bank taking action in compliance with the requirements of that notice.

[23/2001]

(7) Any bank which fails to comply with any requirement of the Authority under subsection (1) shall be liable to pay, on being called upon to do so by the Authority, for every day or part thereof of such failure, a financial penalty in accordance with such formula as the Minister may, by order published in the *Gazette*, prescribe.

[1/2007]

(8) The Authority may call upon a bank to pay a financial penalty under subsection (7) in addition to any action taken in relation to the bank under subsection (4) or (5).

[1/2007]

Asset maintenance requirement

40.—(1) The Authority may, from time to time, by notice in writing to any bank in Singapore, or any class of banks in Singapore, require the bank or banks to maintain and hold such minimum amount or amounts of assets in Singapore as may be specified in the notice for the purpose of meeting its or their liabilities.

[1/2007]

(2) Without prejudice to the generality of subsection (1), the Authority may, in a notice issued under that subsection, specify —

- (a) the types of liabilities in respect of which assets are to be maintained and held in Singapore;
- (b) the types of assets that are to be treated as assets maintained and held in Singapore and the minimum amount or amounts in respect of each asset for the purpose of any requirement of the Authority under that subsection; and
- (c) the method for the valuation of assets maintained and held in Singapore, including any deductions to be made in respect of the assets.

[1/2007]

(3) Where the Authority issues a notice under subsection (1) to a class of banks, the Authority may require different banks within the class of banks to maintain and hold different minimum amount or amounts of assets in Singapore, having regard to the financial soundness of each bank, the risk profile of each bank and such other factors as the Authority may consider relevant.

[1/2007]

(4) Any bank which fails to comply with any requirement of the Authority under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

PART VII

POWERS OF CONTROL OVER BANKS

Interpretation of this Part

40A. In this Part —

“customer”, in relation to a bank, includes the Authority or any monetary authority or central bank of any other country or territory, but does not include any company which carries on

banking business or such other financial institution as may be designated by the Authority by notice in writing;

“customer information”, in relation to a bank, means —

- (a) any information relating to, or any particulars of, an account of a customer of the bank, whether the account is in respect of a loan, investment or any other type of transaction, but does not include any information that is not referable to any named customer or group of named customers; or
- (b) deposit information;

“deposit information”, in relation to a bank, means any information relating to —

- (a) any deposit of a customer of the bank;
- (b) funds of a customer under management by the bank; or
- (c) any safe deposit box maintained by, or any safe custody arrangements made by, a customer with the bank,

but does not include any information that is not referable to any named person or group of named persons;

“funds of a customer under management” means any funds or assets of a customer (whether of the bank or any financial institution) placed with that bank for the purpose of management or investment.

[23/2001; 1/2007]

Regulation of interest rates of banks

41.—(1) The Authority may from time to time determine and announce the rates of interest payable to or by banks in Singapore, the rates of discount chargeable by banks in Singapore, or the rates of commission and other charges payable to banks in Singapore.

[23/2001]

(2) Subsection (1) shall not apply to transactions between banks in Singapore.

Recommendations to banks concerning credits and investments

42.—(1) The Authority may, in respect of loans and advances or investments of banks in Singapore, make recommendations to the banks in respect of the following:

- (a) the purposes for which they may or may not be granted or made;
- (b) the maximum maturities or, in the case of loans and advances, the type and minimum amount of security which shall be required and, in the case of letters of credit, the minimum or margin deposit; or
- (c) the limits for any particular category of loans, advances or investments or for the total amount outstanding in respect of those loans, advances or investments.

[23/2001]

(2) Any recommendation made under subsection (1) shall apply uniformly to all banks in Singapore engaging in the transactions covered by the recommendation.

[23/2001]

(3) Where the Authority has made a recommendation under subsection (1) and the banks have accepted it without objections, or have failed to notify the Authority of their objections or have failed to forward their representations to the Authority within the time specified in subsection (4), the Authority may issue a direction in writing to each bank on any of the matters referred to in subsection (1) requiring that effect be given to the recommendation within a reasonable time, and the banks shall comply with that direction.

(4) Where the Authority has made a recommendation and the banks have, or any bank has, notified the Authority within 14 days of the receipt of the recommendation that the banks object, or any bank objects, to the recommendation, the Authority shall call upon the banks or bank, as the case may be, to make representations in writing within one month of the notification concerning those objections.

(5) Upon receipt of such representations, the Authority shall consider them and may —

- (a) reject the representations; or
- (b) amend or modify the recommendation in accordance with the representations, or otherwise,

and in either event, the Authority shall thereupon issue a direction in writing to the banks or bank, as the case may be, requiring that effect be given to the original recommendation or to the recommendation as subsequently amended or modified by the Authority within a reasonable time.

(6) The banks or any bank, as the case may be, shall comply with the direction under subsection (5).

Inspection of banks

43.—(1) The Authority shall, from time to time, inspect under conditions of secrecy, the books of each bank in Singapore and of any branch, agency or office outside Singapore opened by a bank incorporated in Singapore.

[23/2001; 1/2007]

(2) Without prejudice to the generality of subsection (1), such inspection may be conducted in respect of activities of the bank that are regulated or licensed by the Authority under any other Act.

[23/2001]

Special investigation of banks

44. The Authority may at any time make an investigation, under conditions of secrecy, of the books of any bank in Singapore, if it has reason to believe that any bank —

- (a) is carrying on its business in a manner likely to be detrimental to the interests of its depositors and other creditors;
- (b) has insufficient assets to cover its liabilities to the public;
or
- (c) is contravening the provisions of this Act.

[23/2001; 1/2007]

Provisions supplementary to sections 43 and 44

44A.—(1) For the purposes of an inspection under section 43 or an investigation under section 44, the bank under inspection or investigation shall —

- (a) produce its books to the Authority and afford the Authority access thereto; and
- (b) provide such information or facilities as may be required by the Authority to conduct the inspection or investigation.

[23/2001; 1/2007]

(2) The books referred to in subsection (1) shall not be required to be produced at such times or at such places as would unduly interfere with the proper conduct of the normal daily business of that bank.

[23/2001; 1/2007]

(3) The Authority may appoint an auditor, other than the auditor appointed by the bank or by the Authority under section 58, to exercise the powers of the Authority under section 43 or 44.

[23/2001]

(3A) The remuneration and expenses of any auditor appointed under subsection (3) shall be paid by the bank.

[1/2007]

(4) Customer information that is obtained by the Authority from a bank incorporated outside Singapore or a foreign-owned bank incorporated in Singapore during an inspection under section 43 or an investigation under section 44 may be disclosed by the Authority to the parent supervisory authority of the bank where —

- (a) the customer information does not consist of deposit information;
- (b) the customer information is required by the parent supervisory authority for the sole purpose of carrying out its supervisory functions; and
- (c) the parent supervisory authority —
 - (i) is prohibited by the laws applicable to the parent supervisory authority from disclosing the customer information obtained by it to any other person; or

- (ii) has given to the Authority such written undertaking, as to the confidentiality of the information obtained, as the Authority may determine.

[23/2001; 1/2007]

(5) Any bank which, without reasonable excuse, contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

(6) For the purposes of this section, a reference to a parent bank in the definition of “foreign-owned bank incorporated in Singapore” in section 2(1) is a reference to a bank incorporated outside Singapore of which the foreign-owned bank is a subsidiary.

[1/2007]

Inspection in Singapore by parent supervisory authority

45.—(1) In relation to a bank incorporated outside Singapore or a foreign-owned bank incorporated in Singapore, a parent supervisory authority may, with the prior written approval of the Authority and under conditions of secrecy, conduct an inspection in Singapore of the books of any branch or office of that bank in Singapore in accordance with this section if the following conditions are satisfied:

- (a) the inspection is required by the parent supervisory authority for the sole purpose of carrying out its supervisory functions;
- (b) the parent supervisory authority —
 - (i) is prohibited by the laws applicable to the parent supervisory authority from disclosing information obtained by it in the course of the inspection to any other person; or
 - (ii) has given to the Authority such written undertaking, as to the confidentiality of the information obtained, as the Authority may determine; and

- (c) the parent supervisory authority has given a written undertaking to the Authority to comply with the provisions of this Act and such conditions as the Authority may impose under subsection (2).

[23/2001; 1/2007]

(2) The Authority may at any time, whether before, on or after giving written approval for an inspection under this section, require the parent supervisory authority to comply with conditions relating to —

- (a) the classes of information to which the parent supervisory authority shall or shall not have access in the course of the inspection;
- (b) the conduct of the inspection;
- (c) the use or disclosure of any information obtained in the course of the inspection; and
- (d) such other matters as the Authority may determine.

[23/2001]

(3) Subject to compliance by a parent supervisory authority with such conditions as the Authority may impose under subsection (2), a bank under inspection —

- (a) shall afford the parent supervisory authority access to such books of the branch or office of the bank under inspection, and provide such information (including information relating to the bank's internal control systems) and facilities as may be required to conduct the inspection; and
- (b) shall not be required to afford the parent supervisory authority access to its books or to provide information or facilities at such times or at such places as would unduly interfere with the proper conduct of the normal daily business of the bank.

[23/2001; 1/2007]

(4) A parent supervisory authority may, with the prior written approval of the Authority —

- (a) in the case of a bank incorporated outside Singapore, request the auditors of its head office or appoint any person; or
- (b) in the case of a foreign-owned bank incorporated in Singapore, request the auditors of its parent bank or appoint any person,

to conduct the inspection under subsection (1) and in such event, this section (other than this subsection) shall apply to the auditors or the person, as the case may be, as if a reference to the parent supervisory authority or any official of the parent supervisory authority in this section includes a reference to the auditors or the person.

[1/2007]

(5) For the purposes of ensuring the confidentiality of any information obtained in the course of an inspection by a parent supervisory authority under this section, section 47(1) shall, with the necessary modifications, apply to any official of the parent supervisory authority as if the official is an officer of a bank.

[23/2001]

(6) Any bank which refuses or neglects, without reasonable excuse, to afford access to any book or provide any information or facility as may be required by this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001; 1/2007]

(7) In this section, “parent bank”, in relation to a foreign-owned bank incorporated in Singapore, means a bank incorporated outside Singapore of which the foreign-owned bank is a subsidiary.

[1/2007]

Confidentiality of inspection and investigation reports

46.—(1) Where a written report or any part thereof (referred to in this section as the report) has been produced in respect of any bank in Singapore —

- (a) by the Authority upon an inspection under section 43 or an investigation under section 44; or

- (b) by a parent supervisory authority upon an inspection under section 45,

the report shall not be disclosed by the bank, or any officer or auditor of the bank, to any other person except in the circumstances provided under subsection (2).

[23/2001]

(2) Disclosure of the report referred to in subsection (1) may be made —

- (a) by the bank in Singapore to any officer or auditor of that bank solely in connection with the performance of the duties of the officer or auditor, as the case may be, in that bank;
- (b) by any officer or auditor of the bank in Singapore to any other officer or auditor of that bank, solely in connection with the performance of their duties in that bank;
- (c) to the Authority if requested by the Authority, where the report has been produced by a parent supervisory authority; or
- (d) to any other person as the Authority may approve in writing.

[23/2001]

(3) In granting written approval for any disclosure under subsection (2)(d), the Authority may impose such conditions as it considers appropriate.

[23/2001]

(4) The obligation on an officer or auditor referred to in subsection (1) shall continue after the termination or cessation of his employment or appointment at the bank.

[23/2001]

(5) Any person who contravenes subsection (1) or fails to comply with any condition imposed by the Authority under subsection (3) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or

(b) in any other case, to a fine not exceeding \$250,000.

[23/2001]

(6) Any person to whom the report is disclosed and who knows or has reasonable grounds for believing, at the time of the disclosure, that the report was disclosed to him in contravention of subsection (1) shall be guilty of an offence, unless he proves that —

(a) the disclosure was made contrary to his desire;

(b) where the disclosure was made in any written form, he has as soon as practicable surrendered or taken all reasonable steps to surrender the report and all copies thereof to the Authority; and

(c) where the disclosure was made in an electronic form, he has as soon as practicable taken all reasonable steps to ensure that all electronic copies of the report have been deleted and that the report and all copies thereof in other forms have been surrendered to the Authority.

[23/2001]

Banking secrecy

47.—(1) Customer information shall not, in any way, be disclosed by a bank in Singapore or any of its officers to any other person except as expressly provided in this Act.

[23/2001]

(2) A bank in Singapore or any of its officers may, for such purpose as may be specified in the first column of the Third Schedule, disclose customer information to such persons or class of persons as may be specified in the second column of that Schedule, and in compliance with such conditions as may be specified in the third column of that Schedule.

[23/2001]

(3) Where customer information is likely to be disclosed in any proceedings referred to in item 3 or 4 of Part I of the Third Schedule, the court may, either of its own motion, or on the application of any party to the proceedings or the customer to which the customer information relates —

(a) direct that the proceedings be held in camera; and

- (b) make such further orders as it may consider necessary to ensure the confidentiality of the customer information.

[23/2001]

(4) Where an order has been made by a court under subsection (3), any person who, contrary to such an order, publishes any information that is likely to lead to the identification of any party to the proceedings shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000.

[23/2001]

(5) Any person (including, where the person is a body corporate, an officer of the body corporate) who receives customer information referred to in Part II of the Third Schedule shall not, at any time, disclose the customer information or any part thereof to any other person, except as authorised under that Schedule or if required to do so by an order of court.

[23/2001]

(6) Any person who contravenes subsection (1) or (5) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or

- (b) in any other case, to a fine not exceeding \$250,000.

[23/2001]

(7) In this section and in the Third Schedule, unless the context otherwise requires —

- (a) where disclosure of customer information is authorised under the Third Schedule to be made to any person which is a body corporate, customer information may be disclosed to such officers of the body corporate as may be necessary for the purpose for which the disclosure is authorised under that Schedule; and

- (b) the obligation of any officer or other person who receives customer information referred to in Part II of the Third Schedule shall continue after the termination or cessation of his appointment, employment, engagement or

other capacity or office in which he had received customer information.

[23/2001]

(8) For the avoidance of doubt, nothing in this section shall be construed to prevent a bank from entering into an express agreement with a customer of that bank for a higher degree of confidentiality than that prescribed in this section and in the Third Schedule.

[23/2001]

(9) Where, in the course of an inspection under section 43 or an investigation under section 44 or the carrying out of the Authority's function of supervising the financial condition of any bank, the Authority incidentally obtains customer information and such information is not necessary for the supervision or regulation of the bank by the Authority, then, such information shall be treated as secret by the Authority.

[23/2001]

(10) This section and the Third Schedule shall apply, with such modifications as may be prescribed by the Authority, to a merchant bank approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186) as if the reference to a bank in this section were a reference to such merchant bank.

[23/2001]

Information of insolvency, etc.

48. Any bank which is or is likely to become insolvent, or which is or is likely to become unable to meet its obligations, or which has suspended or is about to suspend payments, shall immediately inform the Authority of that fact.

[1/2007]

Interpretation of sections 49 to 53

48A. In sections 49 to 53, unless the context otherwise requires —

“business” includes affairs and property;

“office-holder”, in relation to a bank, means any person acting in relation to the bank as its liquidator, provisional liquidator, receiver, receiver and manager or an equivalent person;

“relevant business” means any business of a bank —

- (a) which the Authority has assumed control of under section 49; or
- (b) in relation to which a statutory adviser or a statutory manager has been appointed under section 49;

“statutory adviser” means a statutory adviser appointed under section 49;

“statutory manager” means a statutory manager appointed under section 49.

[1/2007]

Action by Authority if bank is unable to meet obligations, etc., or is conducting business to detriment of depositors

49.—(1) Where —

- (a) a bank informs the Authority that it is or is likely to become insolvent, or that it is or is likely to become unable to meet its obligations, or that it has suspended or is about to suspend payments;
- (b) a bank becomes unable to meet its obligations, or is insolvent, or suspends payments;
- (c) the Authority is of the opinion that the bank —
 - (i) is carrying on its business in a manner likely to be detrimental to the interests of its depositors or its creditors;
 - (ii) is or is likely to become insolvent, or that it is or is likely to become unable to meet its obligations, or that it is about to suspend payments;
 - (iii) has contravened any of the provisions of this Act; or
 - (iv) has failed to comply with any condition attached to its licence; or
- (d) the Authority considers it in the public interest to do so,

the Authority may exercise any one or more of the powers specified in subsection (2) as appears to it to be necessary.

[1/2007]

(2) Subject to subsection (1), the Authority may —

- (a) require the bank concerned immediately to take any action or to do or not to do any act or thing whatsoever in relation to its business as the Authority may consider necessary;
- (b) subject to subsection (3), appoint one or more persons as statutory adviser, on such terms and conditions as the Authority may specify, to advise the bank on the proper management of such of the business of the bank as the Authority may determine; or
- (c) subject to subsection (3), assume control of and manage such of the business of the bank as the Authority may determine, or appoint one or more persons as statutory manager to do so on such terms and conditions as the Authority may specify.

[1/2007]

(3) In the case of a bank incorporated outside Singapore, any appointment of a statutory adviser or statutory manager or any assumption of control by the Authority of any business of the bank under subsection (2) shall only be in relation to —

- (a) the business or affairs of the bank carried on, or managed in or from, Singapore; or
- (b) the property of the bank located in Singapore, or reflected in the books of the bank in Singapore in relation to its operations in Singapore.

[1/2007]

(4) Where the Authority appoints 2 or more persons as statutory manager of a bank, it shall specify in the terms and conditions of the appointment which of the duties, functions and powers of the statutory manager —

- (a) may be discharged or exercised by such persons jointly and severally;

- (b) shall be discharged or exercised by such persons jointly;
and
- (c) shall be discharged or exercised by a specified person of
such persons.

[1/2007]

(5) Where the Authority has exercised any power under subsection (2), it may, at any time and without prejudice to its power under section 20(1)(b), do one or more of the following:

- (a) vary or revoke any requirement of, any appointment made by or any action taken by the Authority in the exercise of such power, on such terms and conditions as it may specify;
- (b) exercise any of the powers under subsection (2);
- (c) add to, vary or revoke any term or condition specified by the Authority under this section.

[1/2007]

(6) No action, suit or other legal proceedings shall lie against —

- (a) a statutory manager; or
- (b) a statutory adviser,

for anything done (including any statement made) or omitted to be done with reasonable care and in good faith in the course of or in connection with —

- (i) the exercise or purported exercise of any power under this Act;
- (ii) the performance or purported performance of any function or duty under this Act; or
- (iii) the compliance or purported compliance with this Act.

[1/2007]

Effect of assumption of control under section 49

50.—(1) Upon assuming control of the relevant business of a bank, the Authority or statutory manager, as the case may be, shall take custody or control of the relevant business.

[1/2007]

(2) During the period when the Authority or statutory manager is in control of the relevant business of a bank, the Authority or statutory manager shall manage the relevant business of the bank in the name of and on behalf of the bank and shall be deemed to be an agent of the bank.

[1/2007]

(3) In managing the relevant business of a bank, the Authority or statutory manager —

- (a) shall take into consideration the interests of the depositors of the bank; and
- (b) shall have all the duties, powers and functions of the members of the board of directors of the bank (collectively and individually) under this Act, the Companies Act (Cap. 50) and the constitution of the bank, including powers of delegation, in relation to the relevant business of the bank; but nothing in this paragraph shall require the Authority or statutory manager to call any meeting of the bank under the Companies Act or the constitution of the bank.

[1/2007]

(4) Notwithstanding any written law or rule of law, upon the assumption of control of the relevant business of a bank by the Authority or statutory manager —

- (a) where the bank is incorporated in Singapore, any appointment of a person as chief executive or director of the bank; or
- (b) where the bank is incorporated outside Singapore, any appointment of a person as chief executive of the bank, in so far as the appointment relates to the relevant business of the bank,

which was in force immediately before the assumption of control, shall be deemed to be revoked unless the Authority gives its approval, by notice in writing to the person and the bank, for the person to remain in the appointment.

[1/2007]

(5) Notwithstanding any written law or rule of law, during the period when the Authority or statutory manager is in control of the relevant business of a bank, no person shall be appointed —

- (a) where the bank is incorporated in Singapore, as chief executive or director of the bank; or
- (b) where the bank is incorporated outside Singapore, as chief executive of the bank, in so far as the appointment relates to the relevant business of the bank,

except with the approval of the Authority.

[1/2007]

(6) Where the Authority has given its approval under subsection (4) or (5) to a person to remain in the appointment of, or to be appointed as, chief executive or director of a bank, the Authority may at any time, by notice in writing to the person, revoke its approval and such appointment shall be deemed to be revoked on the date specified in the notice.

[1/2007]

(7) Notwithstanding any written law or rule of law, if any person whose appointment as chief executive or director of a bank is revoked under subsection (4) or (6) acts or purports to act after the revocation —

- (a) where the bank is incorporated in Singapore, as chief executive or director of the bank; or
- (b) where the bank is incorporated outside Singapore, as chief executive of the bank in relation to the relevant business of the bank,

during the period when the Authority or statutory manager is in control of the relevant business of the bank —

- (i) the act or purported act of the person shall be invalid and of no effect; and
- (ii) the person shall be guilty of an offence.

[1/2007]

(8) Notwithstanding any written law or rule of law, if any person who is appointed as chief executive or director of a bank in contravention of subsection (5) acts or purports to act —

- (a) where the bank is incorporated in Singapore, as chief executive or director of the bank; or
- (b) where the bank is incorporated outside Singapore, as chief executive of the bank in relation to the relevant business of the bank,

during the period when the Authority or statutory manager is in control of the relevant business of the bank —

- (i) the act or purported act of the person shall be invalid and of no effect; and
- (ii) the person shall be guilty of an offence.

[1/2007]

(9) During the period when the Authority or statutory manager is in control of the relevant business of a bank —

- (a) if there is any conflict or inconsistency between —
 - (i) a direction or decision given by the Authority or statutory manager (including a direction or decision to a person or body of persons referred to in sub-paragraph (ii)); and
 - (ii) a direction or decision given by any chief executive, director, member, executive officer, employee, agent or office holder, or the board of directors, of the bank, or any trustee for the bank,

the direction or decision referred to in sub-paragraph (i) shall, to the extent of the conflict or inconsistency, prevail over the direction or decision referred to in sub-paragraph (ii); and

- (b) no person shall exercise any voting or other right attached to any share in the bank in any manner that may defeat or interfere with any duty, function or power of the Authority or statutory manager, and any such act or purported act shall be invalid and of no effect.

[1/2007]

(10) Any person who is guilty of an offence under subsection (7) or (8) shall be liable on conviction to a fine not exceeding \$125,000 or to

imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(11) In this section, “constitution of the bank” means the memorandum of association and articles of association of the bank or other instrument under which the bank is incorporated.

[1/2007]

Duration of control

51.—(1) The Authority shall cease to be in control of the relevant business of a bank when the Authority is satisfied that the reasons for its assumption of control of the relevant business have ceased to exist or that it is no longer necessary for the protection of the depositors of the bank.

[1/2007]

(2) A statutory manager shall be deemed to have assumed control of the relevant business of a bank on the date of his appointment as a statutory manager.

[1/2007]

(3) The appointment of a statutory manager in relation to the relevant business of a bank may be revoked by the Authority at any time —

(a) if the Authority is satisfied that the reasons for the appointment have ceased to exist or that it is no longer necessary for the protection of the depositors of the bank;
or

(b) on any other ground,

and upon such revocation, the statutory manager shall cease to be in control of the relevant business of the bank.

[1/2007]

(4) The Authority shall publish in the *Gazette* the date, and such other particulars as it thinks fit, of —

(a) its assumption of control of the relevant business of a bank;

- (b) the cessation of its control of the relevant business of a bank;
- (c) the appointment of a statutory manager in relation to the relevant business of a bank; and
- (d) the revocation of a statutory manager's appointment in relation to the relevant business of a bank.

[1/2007]

Responsibilities of officers, member, etc., of bank

52.—(1) During the period when the Authority or statutory manager is in control of the relevant business of a bank —

- (a) the High Court may, on an application of the Authority or statutory manager, direct any person who has ceased to be or who is still a chief executive, director, member, executive officer, employee, agent, banker, auditor or office-holder of, or trustee for, the bank to pay, deliver, convey, surrender or transfer to the Authority or statutory manager, within such period as the High Court may specify, any property or book of the bank which is comprised in, forms part of or relates to the relevant business of the bank, and which is in his possession or control; and
- (b) any person who has ceased to be or who is still a chief executive, director, member, executive officer, employee, agent, banker, auditor or office-holder of, or trustee for, the bank shall give to the Authority or statutory manager such information as the Authority or statutory manager may require for the discharge of its or his duties or functions, or the exercise of its or his powers, in relation to the bank, within such time and in such manner as may be specified by the Authority or statutory manager.

[1/2007]

(2) Any person who —

- (a) without reasonable excuse, fails to comply with subsection (1)(b); or

- (b) in purported compliance with subsection (1)(b), knowingly or recklessly furnishes any information or document that is false or misleading in a material particular,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

Remuneration and expenses of Authority and others in certain cases

53. The Authority may at any time fix the remuneration and expenses to be paid by a bank —

- (a) to a statutory adviser or statutory manager appointed in relation to the bank, whether or not the appointment has been revoked; and
- (b) where the Authority has assumed control of the relevant business of the bank, to the Authority and any person employed or authorised by the Authority under section 3 in relation to its assumption of control of the relevant business, whether or not the Authority has ceased to be in control of the relevant business.

[1/2007]

Moratorium

54.—(1) The Authority may, if it considers it to be in the interests of the depositors of a bank, make an order prohibiting that bank from carrying on banking business or from doing or performing any act or function connected with banking business or any aspect thereof that may be specified in the order.

(2) The High Court may, on the application of the Authority, if it considers it to be in the interests of the depositors of a bank, make one or more of the following orders:

- (a) that no resolution shall be passed, and no order shall be made, for the winding up of the bank;

- (b) that no proceedings shall be commenced or continued by or against the bank in respect of any business of the bank;
- (c) that no execution, distress or other legal process shall be commenced, levied or continued against any property of the bank;
- (d) that no steps shall be taken to enforce any security over any property of the bank or to repossess from the bank any goods under any hire-purchase agreement, chattels leasing agreement or retention of title agreement;
- (e) that no steps shall be taken by any person, other than a person specified in the order, to sell, transfer, assign or otherwise dispose of any property of the bank.

[1/2007]

(2A) Any sale, transfer, assignment or other disposition of any property of the bank in contravention of any order made under subsection (2)(e) shall be void.

[1/2007]

(3) Any order made under subsection (2) shall be valid for a period not exceeding 6 months.

(4) So long as an order under subsection (1) remains in force, the licence granted to that bank under this Act shall be suspended.

General provisions as to winding up

54A.—(1) On an application of the Authority, the Court may, in addition to the grounds specified in section 254(1) of the Companies Act (Cap. 50), order under that Act the winding up of a company incorporated in Singapore which is carrying on or has carried on banking business in Singapore if the Authority has exercised any power under section 49(2) in relation to the company.

[1/2007]

(2) On an application of the Authority, the Court may, in addition to the grounds specified in section 351(1) of the Companies Act, order under that Act the winding up of an unregistered company which is carrying on or has carried on banking business in Singapore if —

- (a) the Authority has exercised any power under section 49(2) in relation to the company;

- (b) the company has held a licence under this Act or under any written law repealed by this Act, and that licence has been revoked or has expired and has not been renewed; or
- (c) the company is carrying on or has carried on banking business in Singapore in contravention of any provision of this Act.

[1/2007]

(3) Notwithstanding sections 254(2) and 351(2) of the Companies Act (Cap. 50), on an application of the Authority for the winding up, on the ground specified in section 254(1)(e) or 351(1)(c(ii)) of the Companies Act, of a company which is carrying on or has carried on banking business in Singapore, any statement of account lodged by the company with the Authority, at any time during the period beginning with the close of the last financial year of the company and ending with the making of the application for the winding up, which shows that the company is insolvent shall be evidence that the company is unable to pay its debts unless the Court, in its discretion, calls for further evidence on this issue.

[1/2007]

(4) Notwithstanding any written law or rule of law —

- (a) no person shall be appointed as a liquidator under the Companies Act of a company, which is carrying on or has carried on banking business in Singapore, without the prior written approval of the Authority; and
- (b) in the case of a foreign company which is carrying on or has carried on banking business in Singapore, a liquidator appointed for its liquidation or dissolution at its place of incorporation or origin shall not have the powers and functions of a liquidator for Singapore unless the liquidator has been approved by the Authority, and the exercise of any power or function by the liquidator in contravention of this paragraph shall be invalid and of no effect.

[1/2007]

(5) For the avoidance of doubt, subsection (4)(a) shall not affect the operation of section 263(a), (d), (da or (e) of the Companies Act (Cap. 50).

[1/2007]

(6) Any approval of the Authority under subsection (4)(b) shall be subject to such conditions as the Authority may determine and the Authority may add to, vary or revoke any such condition.

[1/2007]

(7) Notwithstanding any written law or rule of law, where a company which is carrying on or has carried on banking business in Singapore is being wound up, the Authority shall, subject to such modifications as may be necessary, have the same powers and rights as a creditor of the company under the Companies Act including the right to appear and be heard before the Court in any proceedings in the winding up.

[1/2007]

(8) Without prejudice to subsection (7) and notwithstanding any written law or rule of law, where a company which is carrying on or has carried on banking business in Singapore is being wound up, its liquidator (whether appointed under the Companies Act or, in the case of a foreign company, appointed at its place of incorporation or origin) shall give the Authority such information as the Authority may from time to time require about the affairs of the company or the winding up.

[1/2007]

(9) Any liquidator who —

(a) without reasonable excuse, fails to comply with subsection (8); or

(b) in purported compliance with subsection (8), knowingly or recklessly furnishes any information or document that is false or misleading in a material particular,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(10) In this section —

“Court” means the High Court or a Judge thereof;

“liquidator” includes a provisional liquidator;

“unregistered company” has the same meaning as in section 350 of the Companies Act.

[1/2007]

Disqualification and removal of directors

54B.—(1) Notwithstanding any other written law, any person who —

- (a) has, whether in Singapore or elsewhere, entered into a compromise or scheme of arrangement with his creditors, being a compromise or scheme of arrangement that is still in operation;
- (b) has had execution against him in respect of a judgment debt returned unsatisfied in whole or in part;
- (c) is an undischarged bankrupt, whether in Singapore or elsewhere;
- (d) has been convicted, whether in Singapore or elsewhere, of an offence involving fraud or dishonesty or the conviction for which involved a finding that he had acted fraudulently or dishonestly;
- (e) has had a prohibition order under section 59 of the Financial Advisers Act (Cap. 110), section 35V of the Insurance Act (Cap. 142) or section 95 of the Securities and Futures Act (Cap. 289) made against him that remains in force; or
- (f) has been a director of, or directly concerned in the management of, a bank licensed under this Act or under any written law repealed by this Act —
 - (i) which is being or has been wound up by a court; or
 - (ii) the licence of which has been revoked,

shall not, without the consent in writing of the Authority, act or continue to act as a director of any bank incorporated in Singapore.

[1/2007]

(2) Notwithstanding any other written law, where the Authority is satisfied that a director of a bank incorporated in Singapore —

(a) has wilfully contravened or wilfully caused the bank to contravene any provision of this Act;

(b) has, without reasonable excuse, failed to secure the compliance of the bank with any provision of this Act; or

(c) has failed to discharge any of the duties of his office,

the Authority may, if it thinks it necessary in the public interest or for the protection of depositors of the bank, by notice in writing to the bank, direct the bank to remove the director from office or employment within such period as may be specified by the Authority in the notice, and the bank shall comply with the notice.

[1/2007]

(3) Without prejudice to any other matter that the Authority may consider relevant, the Authority shall, in determining whether a director of a bank has failed to discharge the duties of his office for the purposes of subsection (2)(c), have regard to such criteria as may be prescribed.

[1/2007]

(4) Before directing a bank to remove its director under subsection (2), the Authority shall —

- (a) give the bank and the director notice in writing of its intention to do so; and
- (b) in the notice referred to in paragraph (a), call upon the bank and the director to show cause, within such time as may be specified by the Authority in the notice, why the director should not be removed.

[1/2007]

(5) If the bank and the director referred to in subsection (4) —

- (a) fail to show cause within the time specified in a notice issued under subsection (4) or within such extended period of time as the Authority may allow; or
- (b) fail to show sufficient cause,

the Authority may direct the bank to remove the director under subsection (2).

[1/2007]

(6) Any bank which, or any director of a bank who, is aggrieved by a direction of the Authority under subsection (2) may, within 30 days of the direction, appeal in writing to the Minister whose decision shall be final.

[1/2007]

(7) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(8) Any bank which fails to comply with a notice issued under subsection (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(9) No criminal or civil liability shall be incurred by a bank, or any person acting on behalf of the bank, in respect of anything done or omitted to be done with reasonable care and in good faith in the discharge or purported discharge of the obligations of the bank under this section.

[1/2007]

Notices to banks

55.—(1) The Authority may, if it appears to the Authority to be necessary or expedient in the public interest, or in the interest of depositors or the financial system in Singapore, by notice in writing to a bank in Singapore or a class of banks in Singapore give directions or impose requirements on or relating to the operations or activities of, or the standards to be maintained by, the bank or banks.

[1/2007]

(2) Without prejudice to the generality of subsection (1), any notice under that subsection may be given in respect of —

(a) the revaluation of the assets of banks;

- (b) the maintenance of credit files of borrowers and the grading of loans;
- (c) the prohibition or control of the sale of commemorative coins or medals;
- (d) the deposit of specified securities with authorised depositaries;
- (e) the issue of Singapore dollar negotiable certificates of deposit;
- (f) prior notification to the Authority of changes in interest rates and minimum lending rates of banks;
- (g) restrictions on the granting of Singapore dollar credit facilities in whatever form or by whatever means to residents of Singapore where such facilities are to be used outside Singapore, or to non-residents;
- (h) the appointment or removal of chief executives, deputy chief executives and other principal officers of a bank incorporated outside Singapore;
- (i) the maintenance of a register of dealers of a bank;
- (j) the terms and conditions for the operation of a bank's current and other accounts with the Authority;
- (k) the manner in which a bank conducts its dealings with its customers, the procedures for the reporting of transactions between a bank and its employees, and conflicts of interest involving a bank and its employees or involving a bank and its customers;
- (l) the maximum aggregate permissible percentage holdings by any class, category or description of persons of interests in shares of a bank incorporated in Singapore;
- (m) the limits for the total amount of foreign exchange transactions which a bank incorporated in Singapore may undertake and for this purpose the limits may be applied uniformly to all such banks or separate limits may be determined for any particular bank incorporated in Singapore or for 2 or more of such banks;

- (n) the opening of new branches of a bank and the change of location of any place of business of a bank;
- (o) the installation of automated teller machines by a bank;
- (p) the provision for and the writing-off of bad debts;
- (q) any audit of a Singapore branch of a bank by an internal auditor from its head office which is outside Singapore;
- (r) the forms, returns and submissions of statistics for the purposes of this Act.

[28/93; 23/2001; 1/2007]

(3) A bank in Singapore shall comply with any direction given to the bank or any requirement imposed on the bank by any notice issued under this Act.

[1/2007]

(4) For the avoidance of doubt, any notice in writing issued under this Act shall be deemed not to be subsidiary legislation.

[23/2001]

PART VIIA

TRANSFER OF BUSINESS AND SHARES AND RESTRUCTURING OF SHARE CAPITAL

Division 1 — Voluntary transfer of business of bank

Interpretation of this Division

55A. In this Division, unless the context otherwise requires —

“business” includes affairs, property, right, obligation and liability;

“Court” means the High Court or a Judge thereof;

“debenture” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“property” includes property, right and power of every description;

“transferee” means a bank in Singapore, or a company which has applied for or will be applying for a licence to carry on

banking business in Singapore, to which the whole or part of a transferor's business is, or is to be, or is proposed to be, transferred under this Division;

“transferor” means a bank in Singapore, the whole or part of the business of which is, or is to be, or is proposed to be, transferred under this Division.

[1/2007]

Voluntary transfer of business

55B.—(1) A transferor may transfer the whole or any part of its business (including its non-banking business) to a transferee which is licensed to carry on banking business in Singapore, if —

- (a) where the transferor is a bank incorporated in Singapore, the Minister has consented to the transfer or has certified that his consent is not required;
- (b) where the transferor is a bank incorporated outside Singapore, the business to be transferred is reflected in the books of the transferor in Singapore in relation to its operations in Singapore;
- (c) the transfer involves the whole or part of the banking business of the transferor; and
- (d) the Court has approved the transfer.

[1/2007]

(2) Subsection (1) is without prejudice to the right of a bank to transfer the whole or any part of its business under any law.

[1/2007]

(3) The Minister may consent to a transfer under subsection (1)(a) if —

- (a) the Authority is satisfied that —
 - (i) the transferee is a fit and proper person; and
 - (ii) the transferee will conduct the business of the transferor prudently and comply with the provisions of this Act; and

- (b) the Minister is satisfied that it is in the national interest to do so.

[1/2007]

(4) The Minister or the Authority may at any time appoint one or more persons to perform an independent assessment of, and furnish a report on, the proposed transfer of a transferor's business (or any part thereof) under this Division, whether the transferor is a bank incorporated in or outside Singapore.

[1/2007]

(5) The remuneration and expenses of any person appointed under subsection (4) shall be paid by the transferor and the transferee jointly and severally.

[1/2007]

(6) The Authority shall serve a copy of any report furnished under subsection (4) on the transferor and the transferee.

[1/2007]

Approval of transfer

55C.—(1) A transferor shall apply to the Court for its approval of the transfer of the whole or any part of the business of the transferor to a transferee under this Division.

[1/2007]

(2) Before making the application —

- (a) the transferor shall lodge with the Authority a report setting out such details of the transfer and furnish such supporting documents as the Authority may specify;
- (b) where the transferor is a bank incorporated in Singapore, the transferor shall obtain the consent of the Minister or the certification of the Minister that his consent is not required;
- (c) the transferor and the transferee shall, if they intend to serve on their respective customers a summary of the transfer, obtain the approval of the Authority of the summary;
- (d) the transferor shall, at least 15 days before the application is made, publish in the *Gazette* and in such newspaper or newspapers as may be determined by the Authority a

notice of its intention to make the application and containing such other particulars as may be prescribed, not earlier than one month after the report is lodged with the Authority under paragraph (a);

- (e) the transferor and the transferee shall keep at their respective offices in Singapore a copy of the report referred to in paragraph (a) for a period of 15 days after the publication of the notice in the *Gazette* under paragraph (d), for the purpose of inspection by any person who may be affected by the transfer; and
- (f) unless the Court directs otherwise, the transferor and the transferee shall serve on their respective customers affected by the transfer at least 15 days before the application is made, a copy of the report referred to in paragraph (a) or a summary of the transfer approved by the Authority under paragraph (c).

[1/2007]

(3) The Authority and any person who, in the opinion of the Court, is likely to be affected by the transfer —

- (a) shall have the right to appear and be heard before the Court in any proceedings relating to the transfer; and
- (b) may make any application to the Court in relation to the transfer.

[1/2007]

(4) Where the transferor is a bank incorporated in Singapore, the Court shall not approve the transfer if the Minister has not consented to the transfer and has not certified that his consent is not required.

[1/2007]

(5) The Court may —

- (a) approve the transfer without modification or subject to any modification agreed to by the transferor and the transferee after taking into consideration the views, if any, of the Minister and the Authority on the modification; or
- (b) refuse to approve the transfer.

[1/2007]

(6) If the transferee is not licensed to carry on banking business in Singapore, the Court may approve the transfer on terms that it shall take effect only in the event of the transferee becoming so licensed.

[1/2007]

(7) The Court may by the order approving the transfer or by any subsequent order provide for all or any of the following matters:

- (a) the transfer to the transferee of the whole or any part of the business of the transferor;
- (b) the allotment or appropriation by the transferee of any share, debenture, policy or other interest in the transferee which under the transfer is to be allotted or appropriated by the transferee to or for any person;
- (c) the continuation by (or against) the transferee of any legal proceedings pending by (or against) the transferor;
- (d) the dissolution, without winding up, of the transferor;
- (e) the provisions to be made for persons who are affected by the transfer;
- (f) such incidental, consequential and supplementary matters as are, in its opinion, necessary to secure that the transfer is fully effective.

[1/2007]

(8) An order under subsection (7) may —

- (a) provide for the transfer of any business whether or not the transferor otherwise has the capacity to effect the transfer in question;
- (b) make provision in relation to any property which is held by the transferor as trustee; and
- (c) make provision as to any future or contingent right or liability of the transferor, including provision as to the construction of any instrument under which such right or liability may arise.

[1/2007]

(9) Subject to subsection (10), if an order is made under subsection (7), then by virtue of the order the business (or any part

thereof) of the transferor specified in the order shall be transferred to and vest in the transferee, free in the case of any particular property (if the order so directs) from any charge which is by virtue of the transfer to cease to have effect.

[1/2007]

(10) No order under subsection (7) shall have any effect or operation in transferring or otherwise vesting land in Singapore until the appropriate entries are made with respect to the transfer or vesting of that land by the appropriate authority.

[1/2007]

(11) If any business specified in an order under subsection (7) is governed by the law of any foreign country or territory, the Court may order the transferor to take all necessary steps for securing that the transfer of the business to the transferee is fully effective under the law of that country or territory.

[1/2007]

(12) Where an order is made under this section, the transferor and the transferee shall each lodge within 7 days of the order —

- (a) a copy of the order with the Registrar and with the Authority; and
- (b) where the order relates to land in Singapore, an office copy of the order with the appropriate authority concerned with the registration or recording of dealings in that land.

[1/2007]

(13) A transferor or a transferee which fails to comply with subsection (12) and every officer of the transferor or the transferee who fails to take all reasonable steps to secure compliance by the transferor or the transferee, as the case may be, with that subsection shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$2,000 and, in the case of a continuing offence, to a further fine not exceeding \$200 for every day or part thereof during which the offence continues after conviction.

[1/2007]

*Division 2 — Compulsory transfer of business of bank***Interpretation of this Division**

55D. In this Division, unless the context otherwise requires —

“business” includes affairs, property, right, obligation and liability;

“certificate” means a certificate of transfer issued by the Minister under section 55F(1);

“debenture” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“determination” means a determination of the Authority under section 55E(1);

“property” includes property, right and power of every description;

“specified business” means that part of the business of a transferor which is specified or identified in a certificate;

“transferee” means a bank in Singapore, or a company which has applied for or will be applying for a licence to carry on banking business in Singapore, to which the whole or part of a transferor’s business is, or is to be, or is proposed to be, transferred under this Division;

“transferor” means a bank in Singapore, the whole or part of the business of which is, or is to be, or is proposed to be, transferred under this Division.

[1/2007]

Compulsory transfer of business

55E.—(1) Subject to subsections (2) and (6), the Authority may make a determination that the whole or any part of the business of a transferor (including its non-banking business) shall be transferred to a transferee which is licensed to carry on banking business in Singapore if —

- (a) any ground exists for the Authority to exercise any power under section 49(2) in relation to the transferor, whether or not the Authority has exercised the power;
- (b) the board of directors of the transferee has consented to the transfer;
- (c) the Authority is satisfied that the transfer is appropriate, having regard to —
 - (i) the interests of the depositors of the transferor given priority and the order of priority of each class of depositors under section 62;
 - (ii) the interests of the depositors of the transferee given priority and the order of priority of each class of depositors under section 62;
 - (iii) the stability of the financial system in Singapore; and
 - (iv) any other matter that the Authority considers relevant; and
- (d) the transfer involves the whole or part of the banking business of the transferor.

[1/2007]

(2) Where the transferor is a bank incorporated outside Singapore, any determination shall only be in respect of the transferor's business (or any part thereof) which is reflected in the books of the transferor in Singapore in relation to the transferor's operations in Singapore and the reference to depositors in subsection (1)(c)(i) shall be construed accordingly.

[1/2007]

(3) The Authority may, before making a determination, appoint one or more persons to perform an independent assessment of the proposed transfer of the business (or any part thereof) of the transferor, including the compensation, if any, that should be paid by the transferee, and furnish a report on the transfer.

[1/2007]

(4) The remuneration and expenses of any person appointed under subsection (3) shall be paid by the transferor.

[1/2007]

(5) The Authority shall serve a copy of any report furnished under subsection (3) on the transferor and the transferee.

[1/2007]

(6) A determination may provide for the transfer of the business (or any part thereof) of the transferor to a transferee who is not licensed to carry on banking business in Singapore on terms that the transfer shall take effect only in the event of the transferee becoming so licensed.

[1/2007]

(7) Upon making a determination, the Authority shall submit the determination to the Minister for his approval.

[1/2007]

(8) Before approving the determination, the Minister shall, unless he decides that it is not practicable or desirable to do so —

(a) publish in the *Gazette* and in such newspaper or newspapers as the Minister may determine a notice of his intention to approve the determination, specifying such particulars as the Minister considers appropriate; and

(b) cause to be given to the transferor notice in writing of his intention to approve the determination, specifying such particulars as the Minister considers appropriate and the date by which the transferor may make written representations to the Minister.

[1/2007]

(9) In determining the period within which written representations have to be made under subsection (8), the Minister shall take into account the need for the transfer to be effected expeditiously in the interest of the stability of the financial system in Singapore.

[1/2007]

(10) Upon receipt of any written representation, the Minister shall consider the representation for the purpose of deciding whether to approve the determination.

[1/2007]

(11) Where the transferor is a bank incorporated in Singapore, the Minister shall not approve the determination unless he is satisfied that it is in the national interest to do so.

[1/2007]

(12) The Minister may —

- (a) approve the determination without modification;
- (b) approve the determination subject to any modification he considers appropriate if the board of directors of the transferee has agreed to the modification; or
- (c) refuse to approve the determination.

[1/2007]

(13) Any approval under subsection (12) shall be subject to such conditions as the Minister may determine.

[1/2007]

(14) A determination, the approval of a determination under this section or the issue of a certificate shall not preclude the exercise of any power by the Authority or the Minister under this Act.

[1/2007]

Certificate of transfer

55F.—(1) If the Minister approves a determination, he shall, as soon as practicable, issue a certificate of transfer which shall come into effect on the date specified by the Minister in the certificate.

[1/2007]

(2) The certificate shall specify such information as may be prescribed.

[1/2007]

(3) The certificate may make provision for all or any of the following matters:

- (a) the transfer to the transferee of the whole or any part of the business of the transferor;
- (b) the allotment or appropriation by the transferee of any share, debenture, policy or other interest in the transferee which under the transfer is to be allotted or appropriated by the transferee to or for any person;
- (c) any property which is held by the transferor as trustee;
- (d) any future or contingent right or liability of the transferor;

- (e) the coming into effect of the transfer of any specified business on a date other than the date on which the certificate comes into effect;
- (f) the compensation, if any, to be paid by the transferee to the transferor and the period within which the compensation is to be paid;
- (g) such incidental, consequential and supplementary matters as are, in the Minister's opinion, necessary to secure that the transfer is fully effective, including conditions relating to the transfer.

[1/2007]

(4) The Minister may at any time before the certificate comes into effect add to, vary or revoke any matter specified in the certificate.

[1/2007]

(5) The Authority shall cause the certificate and any addition, variation or revocation referred to in subsection (4) to be served on the transferor and the transferee and published in the *Gazette* and in such newspaper or newspapers as the Minister may determine, on or before the date on which the certificate comes into effect.

[1/2007]

(6) Subject to subsection (7), unless otherwise specified in the certificate, the transfer of the business (or any part thereof) of the transferor under the certificate shall take effect on the date on which the certificate comes into effect.

[1/2007]

(7) Where the transferee is not licensed to carry on banking business in Singapore, the transfer of the business (or any part thereof) of the transferor shall not come into effect until the transferee becomes so licensed.

[1/2007]

(8) Notwithstanding any written law or rule of law, upon the date on which the transfer of the business (or any part thereof) of the transferor comes into effect under the certificate —

- (a) subject to subsection (10), the business (or the part thereof) shall be transferred to and vest in the transferee without other or further assurance, act or deed and the certificate

shall have effect according to its tenor and be binding on any person thereby affected;

- (b) all deeds, bonds, agreements and other arrangements subsisting immediately before that date which relate to the business (or the part thereof) and to which the transferor is a party shall continue in full force and effect, and shall be enforceable by or against the transferee, as from that date as if the transferee had been named therein or had been a party thereto instead of the transferor; and
- (c) any proceedings or cause of action, by or against the transferor, pending or existing immediately before that date and relating to the business (or the part thereof) may be continued and shall be enforced by or against the transferee as from that date.

[1/2007]

(9) For the avoidance of doubt, the business (or any part thereof) of the transferor shall be transferred to and vest in the transferee in accordance with subsection (8) notwithstanding any incapacity of the transferor.

[1/2007]

(10) The certificate shall not have any effect or operation in transferring or otherwise vesting land in Singapore until the appropriate entries are made with respect to the transfer or vesting of that land by the appropriate authority.

[1/2007]

(11) Section 259 of the Companies Act (Cap. 50) shall not apply to the transfer of any property under the certificate.

[1/2007]

(12) If any specified business is governed by the law of any foreign country or territory, the certificate may require the transferor, if the transferee so requires, to take all necessary steps for securing that the transfer of the specified business to the transferee is fully effective under the law of that country or territory.

[1/2007]

(13) The transferee and the transferor shall each lodge, within 7 days of being served with the certificate —

- (a) a copy of the certificate with the Registrar; and
- (b) where the certificate relates to land in Singapore, an office copy of the certificate with the appropriate authority concerned with the registration or recording of dealings in that land.

[1/2007]

(14) A transferor or a transferee which fails to comply with any provision in the certificate shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(15) A transferor which fails to comply with subsection (12) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(16) A transferor or a transferee which fails to comply with subsection (13) and every officer of the transferor or the transferee who fails to take all reasonable steps to secure compliance by the transferor or the transferee, as the case may be, with that subsection shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$2,000 and, in the case of a continuing offence, to a further fine not exceeding \$200 for every day or part thereof during which the offence continues after conviction.

[1/2007]

Moratorium, avoidance of disposition of property, etc.

55G.—(1) Notwithstanding section 54(2) and subject to section 55O, no resolution shall be passed, and no order shall be made, for the winding up of a transferor during the period beginning with the date on which the Minister publishes the notice under section 55E(8) in the *Gazette* on the transfer of the business (or any part thereof) of the transferor or, where the notice is not published in the *Gazette*, the date on which the Authority publishes the certificate

under section 55F(5) in the *Gazette* on the transfer of the business (or any part thereof) of the transferor and ending with —

- (a) the date on which the certificate comes into effect; or
- (b) where the certificate specifies a different date for the coming into effect of the transfer of any specified business, the last date on which the transfer of every specified business has come into effect.

[1/2007]

(2) Notwithstanding section 54(2) and subject to section 55O, during the period beginning with the date on which the Minister publishes the notice under section 55E(8) in the *Gazette* on the transfer of a specified business of a transferor or, where the notice is not published in the *Gazette*, the date on which the Authority publishes the certificate under section 55F(5) in the *Gazette* on the transfer of the specified business and ending with the date on which the transfer of the specified business comes into effect —

- (a) no proceedings shall be commenced or continued against the transferor in respect of the specified business;
- (b) no execution, distress or other legal process shall be commenced, levied or continued against the specified business;
- (c) no steps shall be taken to enforce any security over the specified business or to repossess from the transferor the specified business under any hire-purchase agreement, chattels leasing agreement or retention of title agreement; and
- (d) any sale, transfer, assignment or other disposition of the specified business shall be void.

[1/2007]

Division 3 — Compulsory transfer of shares in bank

Interpretation of this Division

55H. In this Division, unless the context otherwise requires —

“12% controller” has the same meaning as in section 15B(3);

- “20% controller” has the same meaning as in section 15B(3);
- “business” includes affairs, property, right, obligation and liability;
- “certificate” means a certificate of transfer issued by the Minister under section 55J(1);
- “determination” means a determination of the Authority under section 55I(1);
- “property” includes property, right and power of every description;
- “transferee” means a person to whom a transferor’s shares are, or are to be, or are proposed to be, transferred under this Division;
- “transferor” means a shareholder of a bank incorporated in Singapore, whose shares in the bank are, or are to be, or are proposed to be, transferred under this Division.

[1/2007]

Compulsory transfer of shares

55I.—(1) The Authority may make a determination that all or any of the shares held by a transferor in a bank incorporated in Singapore shall be transferred to a transferee if —

- (a) any ground exists for the Authority to exercise any power under section 49(2) in relation to the bank, whether or not the Authority has exercised the power;
- (b) the transferee or, where the transferee is a corporation, its board of directors has consented to the transfer; and
- (c) the Authority is satisfied that the transfer is appropriate, having regard to —
 - (i) the interests of the depositors of the bank given priority and the order of priority of each class of its depositors under section 62;
 - (ii) where the transferee is a bank in Singapore, the interests of the depositors of the transferee given

priority and the order of priority of each class of its depositors under section 62;

- (iii) the stability of the financial system in Singapore; and
- (iv) any other matter that the Authority considers relevant.

[1/2007]

(2) The Authority may, before making a determination, appoint one or more persons to perform an independent assessment of the proposed transfer of shares, including the compensation, if any, that should be paid by the transferee, and furnish a report on the transfer.

[1/2007]

(3) The remuneration and expenses of any person appointed under subsection (2) shall be paid by the bank.

[1/2007]

(4) The Authority shall serve a copy of any report furnished under subsection (2) on the transferor and the transferee.

[1/2007]

(5) Upon making a determination, the Authority shall submit the determination to the Minister for his approval.

[1/2007]

(6) Before approving the determination, the Minister shall, unless he decides that it is not practicable or desirable to do so, cause to be given to the transferor notice of his intention to approve the determination by publication in the *Gazette* and in such newspaper or newspapers as the Minister may determine, specifying such particulars as the Minister considers appropriate and the date by which the transferor may make written representations to the Minister.

[1/2007]

(7) In determining the period within which written representations have to be made under subsection (6), the Minister shall take into account the need for the transfer to be effected expeditiously in the interest of the stability of the financial system in Singapore.

[1/2007]

(8) Upon receipt of any written representation, the Minister shall consider the representation for the purpose of deciding whether to approve the determination.

[1/2007]

(9) Where the determination, if approved, will result in the transferee becoming a substantial shareholder, a 12% controller or a 20% controller of the bank, the Minister shall not approve the determination unless —

(a) the Authority is satisfied that —

(i) the transferee is a fit and proper person; and

(ii) having regard to the likely influence of the transferee, the bank will or will continue to conduct its business prudently and comply with the provisions of this Act; and

(b) the Minister is satisfied that it is in the national interest to do so.

[1/2007]

(10) The Minister may —

(a) approve the determination without modification;

(b) approve the determination subject to any modification he considers appropriate if the transferee or, where the transferee is a corporation, its board of directors has agreed to the modification; or

(c) refuse to approve the determination.

[1/2007]

(11) Any approval under subsection (10) shall be subject to such conditions as the Minister may determine.

[1/2007]

(12) A determination, the approval of a determination under this section or the issue of a certificate shall not preclude the exercise of any power by the Authority or the Minister under this Act.

[1/2007]

Certificate of transfer

55J.—(1) If the Minister approves a determination, he shall, as soon as practicable, issue a certificate of transfer which shall come into effect on the date specified by the Minister in the certificate.

[1/2007]

(2) The certificate shall specify such information as may be prescribed.

[1/2007]

(3) The certificate may make provision for all or any of the following matters:

- (a) the transfer to the transferee of all or any of the shares of the transferor in the bank;
- (b) any share in the bank which is held by the transferor as trustee;
- (c) the compensation, if any, to be paid by the transferee to the transferor and the period within which the compensation is to be paid;
- (d) such incidental, consequential and supplementary matters as are, in the Minister's opinion, necessary to secure that the transfer is fully effective, including conditions relating to the transfer.

[1/2007]

(4) The Minister may at any time before the certificate comes into effect add to, vary or revoke any matter specified in the certificate.

[1/2007]

(5) The Authority shall cause the certificate and any addition, variation or revocation referred to in subsection (4) to be served on the bank and published in the *Gazette* and in such newspaper or newspapers as the Minister may determine, on or before the date on which the certificate comes into effect.

[1/2007]

(6) Notwithstanding any written law or rule of law, upon the certificate coming into effect, any share of the transferor that is to be transferred under the certificate shall be transferred to and vest in the transferee, free from any claim or encumbrance, without other or

further assurance, act or deed; and the certificate shall have effect according to its tenor and be binding on any person thereby affected.

[1/2007]

(7) For the avoidance of doubt, the shares of the transferor shall be transferred to and vest in the transferee in accordance with subsection (6) notwithstanding the death or dissolution, or the bankruptcy or winding up, or the mental or other incapacity, of the transferor.

[1/2007]

(8) Section 259 of the Companies Act (Cap. 50) shall not apply to the transfer of any share under the certificate.

[1/2007]

(9) Where the transfer of shares under the certificate results in the transferee becoming a substantial shareholder, a 12% controller or a 20% controller of the bank, the transferee shall, upon the coming into effect of the certificate —

- (a) be deemed to have obtained the approval of the Minister under section 15A or 15B, as the case may be, in respect of the shares; and
- (b) not be required to make a take-over offer or be required to acquire the shares of the other shareholders of the bank notwithstanding the provisions of the Companies Act or the Take-over Code.

[1/2007]

(10) A transferor or a transferee who contravenes any provision in the certificate shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not

exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(11) Where a person is charged with an offence under subsection (10), it shall be a defence for the person to prove that —

- (a) he was not aware he had contravened any provision in the certificate; and
- (b) he has complied with the provision within a reasonable time after becoming aware of the contravention.

[1/2007]

(12) Except as provided in subsection (11), it shall not be a defence for a person charged with an offence under subsection (10) that he did not intend to or did not knowingly contravene any provision in the certificate.

[1/2007]

(13) Notwithstanding section 54(2) and subject to section 55O, during the period beginning with the date on which the Minister publishes the notice under section 55I(6) in the *Gazette* on the transfer of any share in a bank or, where the notice is not published in the *Gazette*, the date on which the Authority publishes the certificate under subsection (5) in the *Gazette* on the transfer of the share and ending with the date on which the transfer of the share comes into effect —

- (a) no execution or other legal process shall be commenced or continued against the share;
- (b) no steps shall be taken to enforce any security over the share;
- (c) any sale, transfer, assignment or other disposition of the share shall be void;
- (d) no voting rights shall be exercisable in respect of the share unless the Minister expressly permits such rights to be exercised;
- (e) no shares in the bank shall be issued or offered (whether by way of rights, bonus or otherwise) in respect of the share unless the Minister expressly permits such issue or offer;

- (f) no payment shall be made by the bank of any amount (whether by dividends or otherwise) in respect of the share unless the Minister expressly authorises such payment;
- (g) no resolution shall be passed, and no order shall be made, for the winding up of the bank;
- (h) no proceedings shall be commenced or continued against the bank in respect of any business of the bank;
- (i) no execution, distress or other legal process shall be commenced, levied or continued against any property of the bank;
- (j) no steps shall be taken to enforce any security over any property of the bank; and
- (k) any sale, transfer, assignment or other disposition of any property of the bank shall be void.

[1/2007]

Division 4 — Compulsory restructuring of share capital of bank

Interpretation of this Division

55K. In this Division, unless the context otherwise requires —

“12% controller” has the same meaning as in section 15B(3);

“20% controller” has the same meaning as in section 15B(3);

“business” includes affairs, property, right, obligation and liability;

“certificate” means a certificate of restructuring issued by the Minister under section 55M(1);

“determination” means a determination of the Authority under section 55L(1) or (2);

“property” includes property, right and power of every description;

“subscriber” means any person to whom shares in a bank incorporated in Singapore are, or are to be, or are proposed to be, issued under this Division.

[1/2007]

Compulsory restructuring of share capital

55L.—(1) If any ground exists for the Authority to exercise any power under section 49(2) in relation to a bank incorporated in Singapore, whether or not the Authority has exercised the power, and the Authority is of the opinion that —

- (a) the liability on any of the shares of the bank in respect of share capital not paid up ought to be extinguished or reduced; or
- (b) any paid-up share capital of the bank is lost or unrepresented by the available assets of the bank,

the Authority may make a determination that the share capital of the bank shall be reduced by the cancellation of the whole or any part of its share capital not paid up, or of its paid-up share capital which is lost or unrepresented by its available assets.

[1/2007]

(2) The Authority may, in writing, make a determination that shares shall be issued by a bank incorporated in Singapore to a subscriber if —

- (a) any ground exists for the Authority to exercise any power under section 49(2) in relation to the bank, whether or not the Authority has exercised the power;
- (b) the subscriber or, where the subscriber is a corporation, its board of directors has consented to subscribe for the shares; and
- (c) the Authority is satisfied that the issue of shares is appropriate, having regard to —
 - (i) the interests of the depositors of the bank given priority and the order of priority of each class of its depositors under section 62;

- (ii) where the subscriber is a bank in Singapore, the interests of the depositors of the subscriber given priority and the order of priority of each class of its depositors under section 62;
- (iii) the stability of the financial system in Singapore; and
- (iv) any other matter that the Authority considers relevant.

[1/2007]

(3) The Authority may, before making a determination, appoint one or more persons to perform an independent assessment of the value of the assets of the bank and, in the case of a determination to be made under subsection (2), the consideration, if any, that should be paid by the subscriber, and furnish a report on the restructuring.

[1/2007]

(4) The remuneration and expenses of any person appointed under subsection (3) shall be paid by the bank.

[1/2007]

(5) The Authority shall serve a copy of any report furnished under subsection (3) on the bank and, where the report is in relation to a determination to be made under subsection (2), on the subscriber.

[1/2007]

(6) Upon making a determination, the Authority shall submit the determination to the Minister for his approval.

[1/2007]

(7) Before approving the determination, the Minister shall, unless he decides that it is not practicable or desirable to do so —

- (a) publish in the *Gazette* and in such newspaper or newspapers as may be determined by the Minister a notice of his intention to approve the determination, specifying such particulars as the Minister considers appropriate and the date by which any shareholder of the bank may make written representations to the Minister; and
- (b) cause to be given to the bank notice in writing of his intention to approve the determination, specifying such particulars as the Minister considers appropriate and the

date by which the bank may make written representations to the Minister.

[1/2007]

(8) In determining the period within which written representations have to be made under subsection (7), the Minister shall take into account the need for the restructuring to be effected expeditiously in the interest of the stability of the financial system in Singapore.

[1/2007]

(9) Upon receipt of any written representation, the Minister shall consider the representation for the purpose of deciding whether to approve the determination.

[1/2007]

(10) Where the determination under subsection (2), if approved, will result in the subscriber becoming a substantial shareholder, a 12% controller or a 20% controller of the bank, the Minister shall not approve the determination unless —

(a) the Authority is satisfied that —

- (i) the subscriber is a fit and proper person; and
- (ii) having regard to the likely influence of the subscriber, the bank will or will continue to conduct its business prudently and comply with the provisions of this Act; and

(b) the Minister is satisfied that it is in the national interest to do so.

[1/2007]

(11) The Minister may —

(a) approve the determination without modification;

(b) approve the determination —

(i) in the case of a determination under subsection (1), subject to any modification he considers appropriate; or

(ii) in the case of a determination under subsection (2), subject to any modification he considers appropriate if the subscriber or, where the subscriber is a

corporation, its board of directors, has agreed to the modification; or

(c) refuse to approve the determination.

[1/2007]

(12) Any approval under subsection (11) shall be subject to such conditions as the Minister may determine.

[1/2007]

(13) A determination, the approval of a determination under this section or the issue of a certificate shall not preclude the exercise of any power by the Authority or the Minister under this Act.

[1/2007]

Certificate of restructuring

55M.—(1) If the Minister approves a determination, he shall, as soon as practicable, issue a certificate of restructuring which shall come into effect on the date specified by the Minister in the certificate.

[1/2007]

(2) The certificate shall specify such information as may be prescribed.

[1/2007]

(3) The certificate may make provision for all or any of the following matters:

- (a) the cancellation of the whole or any part of the share capital of the bank not paid up;
- (b) the cancellation of the whole or any part of the paid-up share capital of the bank lost or unrepresented by the available assets of the bank;
- (c) the shares to be issued by the bank to the subscriber, the compensation, if any, to be paid by the subscriber for the shares and the period within which the compensation is to be paid;
- (d) such incidental, consequential and supplementary matters as are, in the Minister's opinion, necessary to secure that

the restructuring is fully effective, including conditions relating to the restructuring.

[1/2007]

(4) The Minister may at any time before the certificate comes into effect add to, vary or revoke any matter specified in the certificate.

[1/2007]

(5) The Authority shall cause the certificate and any addition, variation or revocation referred to in subsection (4) to be served on the bank and published in the *Gazette* and in such newspaper or newspapers as the Minister may determine, on or before the date on which the certificate comes into effect.

[1/2007]

(6) Notwithstanding any written law or rule of law (including anything in the memorandum or articles of association of the bank) —

(a) where the certificate provides for a reduction of the share capital of the bank, upon the certificate coming into effect, the reduction of the share capital shall take effect and the certificate shall have effect according to its tenor without other or further act by the bank and be binding on any person thereby affected; and

(b) where the certificate provides for the issue of shares by the bank, the bank shall issue the shares in accordance with the certificate and the certificate shall have effect according to its tenor and be binding on any person thereby affected.

[1/2007]

(7) Where the issue of shares results in the subscriber becoming a substantial shareholder, a 12% controller or a 20% controller of the bank, the subscriber shall, upon the coming into effect of the certificate —

(a) be deemed to have obtained the approval of the Minister under section 15A or 15B, as the case may be, in respect of the shares; and

(b) not be required to make a take-over offer or be required to acquire the shares of the other shareholders of the bank

notwithstanding the provisions of the Companies Act (Cap. 50) or the Take-over Code.

[1/2007]

(8) The bank shall lodge a copy of the certificate with the Registrar within 7 days of being served with the certificate.

[1/2007]

(9) A bank or a subscriber that contravenes any provision in the certificate shall be guilty of an offence and shall be liable on conviction —

(a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or

(b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(10) Where a subscriber is charged with an offence under subsection (9), it shall be a defence for the subscriber to prove that —

(a) he was not aware he had contravened any provision in the certificate; and

(b) he has complied with the provision within a reasonable time after becoming aware of the contravention.

[1/2007]

(11) Except as provided in subsection (10), it shall not be a defence for a subscriber charged with an offence under subsection (9) that he did not intend to or did not knowingly contravene any provision in the certificate.

[1/2007]

(12) Any bank which fails to comply with subsection (8) and every officer of the bank who fails to take all reasonable steps to secure compliance by the bank with that subsection shall be guilty of an offence and shall be liable on conviction to a fine not exceeding

\$2,000 and, in the case of a continuing offence, to a further fine not exceeding \$200 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(13) Notwithstanding section 54(2) and subject to section 55O, during the period beginning with the date on which the Minister publishes the notice under section 55L(7) in the *Gazette* on the restructuring of the share capital of a bank or, where the notice is not published in the *Gazette*, the date on which the Authority publishes the certificate under subsection (5) in the *Gazette* on the restructuring of the share capital and ending with the date on which the certificate comes into effect —

- (a) no resolution shall be passed, and no order shall be made, for the winding up of the bank;
- (b) no proceedings shall be commenced or continued against the bank in respect of any business of the bank;
- (c) no execution, distress or other legal process shall be commenced, levied or continued against any property of the bank;
- (d) no steps shall be taken to enforce any security over any property of the bank; and
- (e) any sale, transfer, assignment or other disposition of any property of the bank shall be void.

[1/2007]

Division 5 — Miscellaneous

Power to obtain information under this Part

55N.—(1) The Minister or the Authority may require a person to furnish, within the period and in the manner specified by the Minister or the Authority, any information that the Minister or the Authority may reasonably require for the discharge of his or its duties or functions, or the exercise of his or its powers, under this Part.

[1/2007]

(2) Any person who —

- (a) without reasonable excuse, fails to comply with any requirement under subsection (1); or
- (b) in purported compliance with any requirement under subsection (1), knowingly or recklessly furnishes any information or document that is false or misleading in a material particular,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

Cessation of moratorium, etc., under this Part

55O.—(1) The Minister may, by order published in the *Gazette*, direct that section 55G, 55J(13) or 55M(13), or any provision thereof, shall cease to apply to any bank, any business (or any part thereof) of any bank or any share in any bank and on the date specified by the Minister in the order, the relevant section, or the provision thereof, shall cease to apply to the bank, the business (or the part thereof) of the bank or the share in the bank, as the case may be.

[1/2007]

(2) In this section, “business” includes affairs, property, right, obligation and liability.

[1/2007]

Regulations for this Part

55P. The Minister may make such regulations as may be necessary or expedient for carrying out the purposes and provisions of this Part and for prescribing anything that may be required to be prescribed under this Part.

[1/2007]

PART VIII

CREDIT CARD AND CHARGE CARD BUSINESSES

Interpretation of this Part

56. In this Part, unless the context otherwise requires —

“advertisement” means the dissemination or conveyance of information, or an invitation or solicitation by any means or in any form, including by means of —

- (a) publication in a newspaper, magazine, journal or other periodical;
- (b) display of posters or notices;
- (c) circulars, handbills, brochures, pamphlets, books or other documents;
- (d) letters addressed to individuals or bodies;
- (e) photographs or cinematograph films; or
- (f) sound broadcasting, television, the Internet or other media;

“credit card” or “charge card” means any article, whether in physical or electronic form, of a kind commonly known as a credit card or charge card or any similar article intended for use in purchasing goods or services on credit, whether or not the card is valid for immediate use;

“licence” means a licence to carry on the business of issuing credit cards or charge cards in Singapore;

“licensee” means a person who is granted a licence under section 57B.

[1/2007]

Restrictions on issuing and promoting credit card and charge card

57.—(1) No person shall, in the course of carrying on (whether in Singapore or elsewhere) a business of issuing credit cards or charge

cards, accept or receive in Singapore any application for a credit card or charge card unless he is a licensee.

[1/2007]

(2) No person shall accept or receive in Singapore any application for a credit card or charge card on behalf of any person other than a licensee or a person specified in subsection (9).

[1/2007]

(3) No person shall, whether in Singapore or elsewhere, offer or invite or issue any advertisement containing any offer or invitation to the public or any section of the public in Singapore to apply for a credit card or charge card except where the credit card or charge card is to be issued by a licensee or a person specified in subsection (9).

[1/2007]

(4) Subject to subsection (5), any advertisement containing information which is intended or might reasonably be presumed to be intended to lead, directly or indirectly, to an application for a credit card or charge card shall be treated as an advertisement referred to in subsection (3).

[1/2007]

(5) Any advertisement issued outside Singapore shall not be treated as an advertisement referred to in subsection (3) if it is made available —

- (a) in a newspaper, magazine, journal or other periodical published and circulating principally outside Singapore;
- (b) in a sound or television broadcast transmitted principally for reception outside Singapore; or
- (c) by any other means of broadcasting or communication principally for circulation or reception outside Singapore.

[1/2007]

(6) For the purposes of subsection (3), in determining whether an offer, invitation or advertisement is made or issued to the public or any section of the public in Singapore, regard shall be had to such considerations as may be prescribed.

[1/2007]

(7) Any person who contravenes subsection (1), (2) or (3) shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$50,000 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[1/2007]

(8) A person whose business it is to publish or to arrange for the publication of advertisements shall not be guilty of an offence under subsection (7) if he proves that —

- (a) he received the advertisement for publication in the ordinary course of his business;
- (b) the matters contained in the advertisement were not, wholly or in part, devised or selected by him or by any person under his direction or control; and
- (c) he did not know and had no reason for believing that the publication of the advertisement would constitute an offence.

[1/2007]

(9) Subsection (1) shall not apply to —

- (a) any bank in Singapore; and
- (b) such other person or class of persons as may be prescribed, subject to such conditions as may be prescribed.

[1/2007]

Application to be licensed credit card or charge card issuer

57A.—(1) An application for a licence to carry on the business of issuing credit cards or charge cards in Singapore shall be made in such manner as may be required by the Authority.

[1/2007]

(2) An application under subsection (1) shall be accompanied by a non-refundable application fee of a prescribed amount, which shall be paid in the manner specified by the Authority.

[1/2007]

(3) The Authority may require an applicant to furnish it with such information as it considers necessary in relation to the application.

[1/2007]

Requirements for grant of licence

57B.—(1) The Authority may grant a licence subject to such conditions or restrictions as it thinks fit, or refuse to grant a licence.

[1/2007]

(2) The Authority may at any time add to, vary or revoke any condition or restriction of a licence.

[1/2007]

(3) Any licensee who contravenes any condition or restriction imposed by the Authority under this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

Licence fees

57C.—(1) Every licensee shall pay to the Authority such licence fees as may be prescribed.

[1/2007]

(2) Any licence fee paid to the Authority under this Act shall not be refunded or remitted if, during the period to which the licence fee relates —

- (a) the licence is revoked under section 57E; or
- (b) the licensee ceases to carry on the business of issuing credit cards or charge cards in Singapore.

[1/2007]

(3) Subject to subsection (2), the Authority may, where it considers appropriate, refund or remit the whole or part of any licence fee paid or payable to it.

[1/2007]

Power of Authority to issue written directions

57D.—(1) The Authority may, if it thinks it necessary or expedient in the public interest, issue written directions, either of a general or specific nature, to —

(a) any licensee or class of licensees; or

(b) any person or class of persons specified in section 57(9),

to comply with such requirements as the Authority may specify in the directions, or for any other purpose.

[1/2007]

(2) For the avoidance of doubt, any direction issued under subsection (1) shall be deemed not to be subsidiary legislation.

[1/2007]

(3) The Authority may at any time vary or revoke any direction issued under subsection (1).

[1/2007]

(4) Any person who fails to comply with any direction issued under subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

Revocation of licence

57E.—(1) The Authority may revoke a licence if —

(a) the licensee has contravened —

(i) any provision of this Part;

(ii) any regulation made by the Authority with respect to the operations or activities of issuers of credit cards or charge cards;

- (iii) any condition or restriction imposed by the Authority under section 57B; or
- (iv) any direction issued by the Authority under section 57D;
- (b) it appears to the Authority that the licensee is carrying on its business in a manner that is contrary to the public interest;
- (c) any information or document furnished by the licensee to the Authority is false or misleading; or
- (d) the licensee ceases to carry on the business for which it was licensed.

[1/2007]

(2) Upon the revocation of a licence under this section, the licensee shall not permit any credit card or charge card issued by the licensee prior to the revocation to be used to purchase any goods or services on credit.

[1/2007]

(3) Any revocation of a licence shall not operate so as to affect any right, obligation or liability arising under any transaction before the revocation of the licence on a credit card or charge card issued by the licensee.

[1/2007]

(4) Any person who, without reasonable excuse, contravenes subsection (2) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

Inspection and investigation

57F.—(1) The Authority may from time to time inspect, under conditions of secrecy, the books of a licensee for the purpose of ensuring that —

- (a) any provision of this Part;

- (b) any regulation made by the Authority with respect to the operations or activities of issuers of credit cards or charge cards;
- (c) any condition or restriction imposed by the Authority under section 57B; or
- (d) any direction issued by the Authority under section 57D, has been or is being complied with.

[1/2007]

(2) The Authority may at any time make an investigation, under conditions of secrecy, of the books of any licensee, if it has reason to believe that the licensee is contravening —

- (a) any provision of this Part;
- (b) any regulation made by the Authority with respect to the operations or activities of issuers of credit cards or charge cards;
- (c) any condition or restriction imposed by the Authority under section 57B; or
- (d) any direction issued by the Authority under section 57D.

[1/2007]

(3) For the purposes of an inspection or investigation under this section, the licensee shall produce such books (and afford the Authority access thereto) and provide such information and facilities as may be required by the Authority to conduct the inspection or investigation.

[1/2007]

(4) The books referred to in subsection (3) shall not be required to be produced at such times or at such places as shall unduly interfere with the proper conduct of the normal daily business of the licensee.

[1/2007]

(5) The Authority may appoint an auditor, other than the auditor appointed by the licensee or by the Authority under section 58, to exercise the powers of the Authority under subsection (1) or (2).

[1/2007]

(6) The remuneration and expenses of any auditor appointed under subsection (5) shall be paid by the licensee.

[1/2007]

(7) Any licensee who, without reasonable excuse, contravenes subsection (3) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000 and, in the case of a continuing offence, to a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

Non-application of this Part

57G. This Part shall not apply to any credit card or charge card issued or to be issued by a person if —

- (a) the credit card or charge card is for purchasing goods or services on credit with and from the person only and the person bears the whole credit risk of the cardholder;
- (b) the aggregate credit limit that is granted by the person and, where the person is a corporation, the related corporations of the person to the cardholder does not exceed \$500; or
- (c) the issue of the credit card or charge card satisfies such other criteria as may be prescribed.

[1/2007]

PART IX

MISCELLANEOUS

Auditing

58.—(1) Notwithstanding the provisions of the Companies Act (Cap. 50), every bank shall appoint annually an auditor approved by the Authority.

(2) An auditor shall not be approved by the Authority as an auditor for banks unless he is able to comply with such conditions in relation to the discharge of his duties as may be determined by the Authority.

[2/84]

- (3) The Authority may appoint an auditor —
- (a) if the bank fails to appoint an auditor; or
 - (b) if it considers it desirable that another auditor should act with the auditor appointed under subsection (1),

and may at any time fix the remuneration to be paid by the bank to that auditor.

- (4) The duties of an auditor appointed under subsections (1) and (3) shall be —

- (a) to carry out, for the year in respect of which he is appointed, an audit of the accounts of the bank; and
- (b) to make a report in accordance with section 207 of the Companies Act —
 - (i) in the case of a bank incorporated in Singapore, upon the annual balance-sheet and profit and loss account that are referred to in section 25(1); and
 - (ii) in the case of a bank incorporated outside Singapore, upon the annual balance-sheet and profit and loss account showing the assets and liabilities and profit or loss arising out of the bank's operations in Singapore.

- (5) The Authority may impose all or any of the following duties on an auditor in addition to those provided under subsection (4):

- (a) a duty to submit such additional information in relation to his audit as the Authority considers necessary;
- (b) a duty to enlarge or extend the scope of his audit of the business and affairs of the bank;
- (c) a duty to carry out any other examination or establish any procedure in any particular case;
- (d) a duty to submit a report on any of the matters referred to in paragraphs (b) and (c).

[2/84]

(6) The bank shall remunerate the auditor in respect of the discharge by him of all or any of the additional duties mentioned in subsection (5).

[2/84]

(7) The auditor's report made under subsection (4) shall be attached to the balance-sheet and the profit and loss account and a copy thereof together with any report submitted under subsection (5) shall be transmitted in writing to the Authority.

[2/84]

(8) If an auditor, in the course of the performance of his duties as an auditor of a bank, is satisfied that —

- (a) there has been a serious breach or non-observance of the provisions of this Act or that otherwise a criminal offence 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 jeopardise the security of the creditors; or
- (d) he is unable to confirm that the claims of creditors are still covered by the assets,

he shall immediately report the matter to the Authority.

[2/84]

Clearing House settlements and control over Clearing House

59. In order to facilitate the clearing of cheques and other credit instruments for banks and other financial institutions approved by the Authority, the Authority shall, in conjunction with such banks and institutions, by regulations, establish a Clearing House.

[28/93; 37/98]

Declaration of holidays

60.—(1) The Authority may, at any time by notice in the *Gazette*, declare any day or days to be a bank holiday or holidays.

(2) No bank in Singapore shall do any business without the approval of the Authority on any day declared a bank holiday under subsection (1).

[2/84; 23/2001]

(3) A bank holiday declared under subsection (1) shall not necessarily be a public holiday and nothing in this section shall be deemed to affect any written law which may from time to time be in force in Singapore relating to public holidays.

(4) Any reference to a bank holiday in any written law which may from time to time be in force in Singapore shall include any day declared to be a bank holiday under this section and any day which is a public holiday within the meaning of any written law which may be in force in Singapore relating to public holidays.

Priority of specified liabilities

61.—(1) Where a bank becomes unable to meet its obligations or becomes insolvent or suspends payment, the assets of that bank in Singapore shall be available to meet all liabilities in Singapore of the bank specified in section 62(1).

[31/2005]

(2) The liabilities in Singapore of the bank specified in section 62(1) shall have priority over all unsecured liabilities of the bank other than the preferential debts specified in section 328(1) of the Companies Act (Cap. 50).

[2/84; 31/2005]

Priority of specified liabilities inter se

62.—(1) Notwithstanding the provisions of any written law or rule of law relating to the winding up of companies, in the event of a winding up of a bank, the following liabilities in Singapore of the bank shall, amongst themselves, rank in the following order of priority:

- (a) firstly, any premium contributions due and payable by the bank under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011;

[15/2011 wef 01/05/2011]

- (b) secondly, liabilities incurred by the bank in respect of insured deposits, up to the amount of compensation paid or payable out of the DI Fund by the Agency under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 in respect of such insured deposits;
[15/2011 wef 01/05/2011]
- (c) thirdly, deposit liabilities incurred by the bank with non-bank customers other than those specified in paragraphs (b) and (d);
- (d) fourthly, deposit liabilities incurred by the bank with non-bank customers when operating an Asian Currency Unit approved under section 77.
[31/2005; 1/2007]
- (2) The liabilities in each class specified in subsection (1) shall —
- (a) rank in the order specified therein but as between liabilities of the same class shall rank equally between themselves; and
- (b) be paid in full unless the assets of the bank are insufficient to meet them in which case they shall abate in equal proportions between themselves.
[2/84; 31/2005]
- (3) For the purposes of section 61 and this section, “deposit liabilities of a bank” means the liabilities of the bank in respect of —
- (a) sums of money paid to the bank on terms —
- (i) under which they will be repaid, with or without interest or at a premium, or with any consideration in money or money's worth, either on demand or at a time or in circumstances agreed by or on behalf of the persons making the payments and the bank; and
- (ii) which are not referable to the provision of property or services or to the giving of security; and
- (b) such other product as may be prescribed,

but does not include —

- (i) in the case of a bank incorporated in Singapore, liabilities of the bank arising from loans —
 - (A) granted by creditors whose claims are fully subordinated to the claims of all un-subordinated creditors; and
 - (B) the terms of which comply with the criteria for the treatment of the liabilities as capital in the computation of the bank's capital adequacy ratio under section 10, whether or not the entire amount of such liabilities is treated as capital in the computation; and
- (ii) liabilities of the bank in respect of such other product as may be prescribed.

[1/2007]

(4) For the purposes of subsection (3)(a)(ii), money is paid on terms which are referable to the provision of property or services or to the giving of security if, and only if —

- (a) it is paid by way of advance or part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services is or are not in fact sold, hired or otherwise provided;
- (b) it is paid by way of security for the performance of a contract or by way of security in respect of loss which may result from the non-performance of the contract; or
- (c) it is paid by way of security for the delivery up or return of any property, whether in a particular state of repair or otherwise.

[1/2007]

(4A) For the avoidance of doubt, any liability of a bank excluded from the definition of “deposit liabilities of a bank” in subsection (3) shall rank *pari passu* with all other unsecured liabilities of the bank.

[1/2007]

(5) In this section, “Agency”, “DI Fund” and “insured deposit” have the same respective meanings as in section 2(1) of the Deposit Insurance and Policy Owners’ Protection Schemes Act 2011.

[15/2011 wef 01/05/2011]

Priorities for set-off in winding up of bank

62A. Notwithstanding any written law or rule of law relating to the winding up of companies, in the event of the winding up of a bank in Singapore, a liquidator shall first set-off a depositor’s liabilities to the bank (whether or not incurred in the Asian Currency Unit of the bank) against any deposit of the depositor placed with the bank other than with the Asian Currency Unit of the bank.

[1/2007]

Redemption of securities held by bank under liquidation

63.—(1) As soon as practicable after the making of an order for the winding up of a bank, the liquidator of the bank shall —

- (a) publish in the *Gazette* a notice requiring every debtor of the bank to redeem any property he has deposited with the bank as security for any loan that he has obtained from the bank; and
- (b) send by registered post the notice to every debtor whose security is held by the bank and whose name is mentioned in the statement of affairs made out under section 270 of the Companies Act (Cap. 50).

[2/84]

(2) The notice shall specify the latest date up to which any security may be redeemed, which date shall not be less than 3 months from the date of the notice.

[2/84]

Execution of instruments under seal

64.—(1) Notwithstanding anything in the articles of association or regulations of any bank incorporated in Singapore with respect to the execution of instruments under its seal, but without prejudice to anything in those articles or regulations not inconsistent herewith, the seal of the bank shall not be affixed to any instrument except in the

presence of a director of the bank and of one other person being either a director or an officer of the bank duly authorised in that behalf.

(2) The director and that other person as mentioned in subsection (1) shall sign every instrument to which the seal of the company is so affixed in their presence.

Disqualification of executive officers and employees of banks

65.—(1) Notwithstanding the provisions of any other written law, any person —

- (a) who is or becomes bankrupt, suspends payments or compounds with his creditors;
- (b) who has been convicted, whether in Singapore or elsewhere, of an offence involving fraud or dishonesty or the conviction for which involved a finding that he had acted fraudulently or dishonestly; or
- (c) who has been a director of, or directly concerned in the management of, a bank licensed under this Act or which was licensed under any written law repealed by this Act which is being or has been wound up by a court or the licence of which has been revoked,

shall not, without the consent in writing of the Authority, act or continue to act as the executive officer, secretary or other officer (other than a director) in any bank in Singapore.

[23/2001; 1/2007]

(2) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction.

[1/2007]

Offences by director and executive officers of bank and false or misleading information

66.—(1) Subject to subsection (5), any director or executive officer of a bank in Singapore who fails to take all reasonable steps to secure

compliance by the bank with any provision of this Act or any other written law applicable to banks in Singapore shall, if such failure is not already an offence under any other provision of this Act, be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both.

[1/2007]

(2) Any person who —

- (a) furnishes the Minister or the Authority with any information or document under or for the purposes of any provision of this Act which is false or misleading in a material particular; and
- (b) does not use due care to ensure that the information or document is not false or misleading in any material particular,

shall, if the furnishing of such information or document which is false or misleading in a material particular is not already an offence under any other provision of this Act, be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both.

[1/2007]

(3) In any proceedings against a person under subsection (1) or (2), it shall be a defence for him to prove that —

- (a) he had reasonable grounds for believing that a competent and reliable person was charged with the duty of securing compliance with the provision of this Act or any other written law applicable to banks in Singapore, or with the duty of ensuring that the information or document is not false or misleading in any material particular, as the case may be; and
- (b) the person was in a position to discharge that duty.

[1/2007]

(4) A person shall not be sentenced to imprisonment for any offence under subsection (1) or (2) unless, in the opinion of the court, he committed the offence wilfully.

[1/2007]

(5) Notwithstanding subsection (1), no director or executive officer shall be guilty of an offence under that subsection where the non-compliance by the bank with any provision of this Act or any other written law applicable to banks results in the imposition of only a financial penalty on the bank.

[1/2007]

Offences by directors, employees and agents

67. Any director, executive officer, trustee, auditor, employee or agent of any bank in Singapore who —

- (a) wilfully makes or causes to be made a false entry in any book of record or in any report, slip, document or statement of the business, affairs, transactions, conditions, assets or accounts of that bank;
- (b) wilfully omits to make an entry in any book of record or in any report, slip, document or statement of the business, affairs, transactions, conditions, assets or accounts of that bank, or wilfully causes any such entry to be omitted; or
- (c) wilfully alters, abstracts, conceals or destroys an entry in any book of record or in any report, slip, document or statement of the business, affairs, transactions, conditions, assets or accounts of that bank, or wilfully causes any such entry to be altered, abstracted, concealed or destroyed,

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both.

[2/84; 23/2001; 1/2007]

Indemnity

68. [*Repealed by Act 24 of 2003*]

Composition of offences

69.—(1) The Authority may, in its discretion, compound any offence under this Act which is prescribed as a compoundable offence by collecting from a person reasonably suspected of having

committed the offence a sum of money not exceeding one half of the amount of the maximum fine that is prescribed for the offence.

[1/2007]

(2) On payment of such sum of money, no further proceedings shall be taken against that person in respect of the offence.

[1/2007]

(3) The Authority may make regulations to prescribe the offences which may be compounded.

[1/2007]

(4) All sums collected under this section shall be paid to the Authority.

[1/2007]

Publication of list of banks

70.—(1) The Authority shall cause to be published in the *Gazette* in the month of April in each year a list of all banks to which licences have been issued under this Act.

(2) If any licence is issued, revoked or surrendered during the interval between the publication of 2 such lists, notice thereof shall also be caused to be published in the *Gazette*.

General penalty

71. Any bank which contravenes any of the provisions of this Act for which no penalty is expressly provided shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Offences triable in District Court

72. Notwithstanding the provisions of any other written law, offences under this Act may be tried in a District Court, which shall have the power to impose the maximum penalty prescribed for any offence under this Act.

Consent of Public Prosecutor

73. No prosecution in respect of any offence under this Act shall be instituted except with the consent of the Public Prosecutor.

[15/2010 wef 02/01/2011]

Recovery of fees, expenses, etc.

74.—(1) There shall be recoverable as a civil debt due to the Authority from the bank concerned —

- (a) the amount of any fees payable under sections 8 and 13;
- (b) any remuneration and expenses payable by the bank to —
 - (i) an auditor appointed under section 44A(3);
 - (ii) a statutory adviser appointed under section 49(2);
 - (iii) a statutory manager appointed under section 49(2);
 - (iv) the Authority or any person employed or authorised by the Authority under section 3 in relation to the Authority assuming control of any business of the bank under section 49; and
 - (v) any person appointed to perform any independent assessment under Part VIIA; and
- (c) any financial penalty payable by the bank under this Act.

[23/2001; 1/2007]

(2) Any remuneration and expenses payable by a licensee defined in section 56 to an auditor appointed under section 57F(5) shall be recoverable as a civil debt due to the Authority from the licensee.

[1/2007]

(3) Notwithstanding any provision in the Limitation Act (Cap. 163), an action to recover any financial penalty recoverable by virtue of this section shall not be brought after the expiration of 3 years from the date on which the cause of action accrued.

[1/2007]

Power to refund, reduce, etc., financial penalty

74A. The Authority may, of its own motion, review any financial penalty imposed under section 38(7) or 39(7) and decide —

- (a) not to impose the financial penalty;
- (b) to reduce the financial penalty payable; or
- (c) where any financial penalty has been paid, to refund the whole or part of the amount paid.

[23/2001; 1/2007]

Operation of this Act not to affect Companies Act

75.—(1) Nothing in this Act shall affect the operation of the Companies Act (Cap. 50), and any bank that is liable to be incorporated under that Act shall continue to be so liable as if this Act had not been passed.

(2) In case of conflict between the Companies Act (Cap. 50) and this Act, the provisions of this Act shall prevail unless otherwise provided in this Act.

Service of documents, etc.

75A.—(1) Any notice, order or document required or authorised by this Act to be served on any person may be served —

- (a) by delivering it to the person or to some adult member or employee of his family or household at his last known place of residence;
- (b) by leaving it at his usual or last known place of residence or business in an envelope addressed to the person;
- (c) by sending it by registered post addressed to the person at his usual or last known place of residence or business; or
- (d) in the case of a company, a partnership or body of persons —
 - (i) by delivering it to the secretary or other like officer of the company, partnership or body of persons at its registered office or principal place of business; or
 - (ii) by sending it by registered post addressed to the company, partnership or body of persons at its registered office or principal place of business.

[23/2001]

(2) Any notice, order or document sent by registered post to any person in accordance with subsection (1) shall be deemed to be duly served on the person at the time when the notice, order or document, as the case may be, would in the ordinary course of post be delivered.

[23/2001]

(3) When proving service of the notice, order or document referred to in subsection (2), it shall be sufficient to prove that the envelope containing the notice, order or document, as the case may be, was properly addressed, stamped and posted by registered post.

[23/2001]

Electronic service

75B.—(1) The Authority may provide an electronic service for the service of any document that is required or authorised by this Act to be served on any person.

[1/2007]

(2) For the purposes of the electronic service, the Authority may assign to any person —

(a) an authentication code; and

(b) an account with the electronic service.

[1/2007]

(3) Notwithstanding section 75A, where any person has given his consent for any document to be served on him through the electronic service, the Authority may serve the document on that person by transmitting an electronic record of the document to that person's account with the electronic service.

[1/2007]

(4) Where a person has given his consent for a document to be served on him through the electronic service, the document shall be deemed to have been served at the time when an electronic record of the document enters his account with the electronic service.

[1/2007]

(5) Notwithstanding any other written law, in any proceedings under this Act —

(a) an electronic record of any document that was served through the electronic service; or

(b) any copy or print-out of that electronic record, shall be admissible as evidence of the facts stated or contained therein if that electronic record, copy or print-out —

- (i) is certified by the Authority to contain all or any information served through the electronic service in accordance with this section; and
- (ii) is duly authenticated in the manner specified in subsection (7) or is otherwise authenticated in the manner provided in the Evidence Act (Cap. 97) for the authentication of computer output.

[1/2007]

(6) For the avoidance of doubt —

- (a) an electronic record of any document that was served through the electronic service; or
- (b) any copy or print-out of that electronic record,

shall not be inadmissible in evidence merely because the document was served without the delivery of any equivalent document or counterpart in paper form.

[1/2007]

(7) For the purposes of this section, a certificate —

- (a) giving the particulars of —
 - (i) any person whose authentication code was used to serve the document; and
 - (ii) any person or device involved in the production or transmission of the electronic record of the document, or the copy or print-out thereof;
- (b) identifying the nature of the electronic record or copy or print-out thereof; and
- (c) purporting to be signed by the Authority or by a person occupying a responsible position in relation to the operation of the electronic service at the relevant time,

shall be sufficient evidence that the electronic record, copy or print-out has been duly authenticated, unless the court, in its discretion, calls for further evidence on this issue.

[1/2007]

(8) Where the electronic record of any document, or a copy or print-out of that electronic record, is admissible under subsection (5), it shall be presumed, until the contrary is proved, that the electronic record, copy or print-out accurately reproduces the contents of that document.

[1/2007]

(9) The Authority may make regulations which are necessary or expedient for carrying out the purposes of this section, including regulations prescribing the procedure for the use of the electronic service, including the procedure in circumstances where there is a breakdown or interruption of the electronic service.

[1/2007]

(10) In this section —

“account with the electronic service”, in relation to any person, means a computer account within the electronic service which is assigned by the Authority to that person for the storage and retrieval of electronic records relating to that person;

“authentication code”, in relation to any person, means an identification or identifying code, a password or any other authentication method or procedure which is assigned to that person for the purposes of identifying and authenticating the access to and use of the electronic service by that person;

“document” includes notice and order;

“electronic record” has the same meaning as in section 2 of the Electronic Transactions Act (Cap. 88).

[1/2007]

Exemption

76. Nothing in this Act shall be construed so as to prevent any of the following persons from carrying on any activity or business (other than an activity or a business referred to in Part VIII) for which he is

registered or licensed under the following respective Act corresponding to that person:

- (a) [*Deleted by Act 23/2008*]
- (b) any business of pawnbroking carried on by a person licensed under the Pawnbrokers Act (Cap. 222); or
- (c) any finance company licensed under the Finance Companies Act (Cap. 108).

[28/93; 37/98; 23/2001; 1/2007]

Authority's powers of exemption

76A.—(1) The Authority may, by regulations, exempt any person or class of persons from all or any of the provisions of this Act, subject to such conditions as may be prescribed.

[1/2007]

(2) The Authority may, on the application of any person, by notice in writing, exempt the person from all or any of the provisions of this Act or any direction issued or requirement imposed by the Authority under this Act if the Authority considers it appropriate to do so in the circumstances of the case.

[1/2007]

(3) An exemption under subsection (2) —

- (a) may be granted subject to such conditions as the Authority may specify by notice in writing; and
- (b) need not be published in the *Gazette*.

[1/2007]

(4) The Authority may at any time —

- (a) revoke any exemption granted; or
- (b) add to, vary or revoke any condition imposed,

under this section.

[1/2007]

Authority to approve operation of an Asian Currency Unit

77.—(1) No person shall establish and operate an Asian Currency Unit without first obtaining the approval of the Authority.

[2/84]

(2) The operation of an Asian Currency Unit shall be subject to such terms and conditions as the Authority may from time to time determine.

(3) Every person who operates an Asian Currency Unit by virtue of this section shall be subject to the provisions of this Act except those that are specified in subsection (4).

[2/84]

(4) If the person referred to in subsection (3) is —

(a) a merchant bank (whether incorporated in or outside Singapore) approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186), or a corporation incorporated outside Singapore, it shall not be subject to —

(i) any requirement imposed under section 29(1) in relation to any person or group of persons specified in paragraphs (a) and (b) of that provision; and

(ii) sections 31, 33, 38 and 39; or

(b) a corporation incorporated in Singapore (other than a merchant bank specified in paragraph (a)), it shall not be subject to sections 38 and 39.

[1/2007]

(5) In this section, “Asian Currency Unit” means an operational unit that has been approved by the Authority to operate in the Asian Dollar Market subject to such conditions as the Authority may determine.

[2/84]

Amendment of Schedules

77A.—(1) The Minister may from time to time, by order published in the Gazette, amend, add to or vary the Fourth or Fifth Schedule.

[1/2007]

(2) The Minister may, in any order under subsection (1), make such incidental, consequential or supplementary provisions as may be necessary or expedient.

[1/2007]

(3) Any order made under subsection (1) shall be presented to Parliament as soon as possible after publication in the *Gazette*.

[1/2007]

Regulations

78.—(1) The Authority may, from time to time, make such regulations as may be necessary or expedient for carrying out the purposes and provisions of this Act and for prescribing anything that may be required or authorised to be prescribed by this Act.

[28/93]

(2) Without prejudice to the generality of subsection (1), regulations may be made for or with respect to the operations or activities of any person issuing a credit card or charge card including the minimum qualifying criteria for the issue of a credit card or charge card, the standards to be maintained in the conduct of the credit card or charge card business and the duties to be undertaken when soliciting or issuing a credit card or charge card.

[1/2007]

(3) Without prejudice to the generality of subsection (1), regulations may be made for or with respect to —

(a) the corporate governance, and the appointment and removal of principal officers, of banks in Singapore, their related corporations or other companies in which the banks acquire or hold, directly or indirectly, a major stake as defined in section 32(7); and

(b) the prohibition or restriction on mutual shareholdings held between the banks, related corporations or other companies referred to in paragraph (a).

[23/2001; 1/2007]

(4) Regulations made under this section may relate to all, or any class, category or description of persons or banks, and may make different provisions for different classes, categories or descriptions of persons or banks or to a particular person or bank or of general or specifically limited application.

[28/93]

(5) Except as otherwise expressly provided in this Act, regulations made under this section may provide that any contravention thereof shall be an offence punishable —

- (a) in the case of an individual, with a fine not exceeding \$12,500 or with imprisonment for a term not exceeding 12 months or with both and, in the case of a continuing offence, with a further fine not exceeding \$1,250 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, with a fine not exceeding \$25,000 and, in the case of a continuing offence, with a further fine not exceeding \$2,500 for every day or part thereof during which the offence continues after conviction.

[23/2001]

Transitional licensing provisions

79. Notwithstanding sections 4 and 9, any bank specified in the First Schedule which on 1st January 1970 was carrying on banking business in Singapore shall, as from 1st January 1971, be granted a licence under this Act, which may be made subject to such conditions, if any, as are contained in any licence under which the bank was carrying on banking business in Singapore immediately before that date.

FIRST SCHEDULE

Section 79

BANKS

1. ABN AMRO (formerly known as Algemene Bank Nederland N.V)
2. Bangkok Bank Public Company Limited (formerly known as Bangkok Bank, Limited)
3. Bank of America, National Association (formerly known as Bank of America National Trust and Savings Association)
4. Bank of China Limited (formerly known as Bank of China)
5. The Bank of East Asia, Limited
6. Bank of India

FIRST SCHEDULE — *continued*

7. Bank of Singapore, Limited
8. The Bank of Tokyo-Mitsubishi UFJ, Ltd (formerly known as The Bank of Tokyo, Limited)
9. Calyon (formerly known as Banque Indosuez)
10. Citibank N.A. (formerly known as First National City Bank)
11. DBS Bank Ltd (formerly known as The Development Bank of Singapore, Limited)
12. Far Eastern Bank, Limited
13. HL Bank (formerly known as Kwong Lee Bank)
14. The Hongkong and Shanghai Banking Corporation
15. Indian Bank
16. Indian Overseas Bank
17. JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank National Association)
18. Malayan Banking, Berhad
19. P.T. Bank Negara Indonesia (Persero) Tbk (formerly known as Bank Negara Indonesia 1946)
20. Oversea-Chinese Banking Corporation, Limited
21. RHB Bank Berhad (formerly known as United Malayan Banking Corporation, Berhad)
22. Southern Bank Berhad (formerly known as Ban Hin Lee Bank, Berhad)
23. Standard Chartered Bank (formerly known as The Chartered Bank)
24. Sumitomo Mitsui Banking Corporation (formerly known as The Mitsui Bank, Limited)
25. UCO Bank (formerly known as United Commercial Bank)
26. United Overseas Bank, Limited.

[1/2007]

SECOND SCHEDULE

Section 14C

EFFECT OF MERGER

Interpretation

1. In this Schedule, unless the subject or context otherwise requires —

“Bank” means the bank into which the other banks that are parties to a merger agreement are merged and to which a certificate of approval is issued under section 14A(1);

“customer” means any person having a banking account or any other account or other dealing, transaction or arrangement with any existing bank or the Bank, as the case may be;

“effective date” means the date of lodgment mentioned in section 14A(4);

“existing banks” means the banks that are parties to a merger agreement other than the Bank, and “existing bank” shall be construed accordingly;

“liabilities” includes duties and obligations of every description (whether present or future, actual or contingent);

“property” means property and assets and rights of every description (whether present or future, actual or contingent) wheresoever situate and includes property held on trust and securities, rights, benefits and powers of every description but does not include any document required to be kept by an existing bank under the Companies Act (Cap. 50);

“security” means a mortgage or charge (whether legal or equitable), debenture, bill of exchange, promissory note, guarantee, lien, pledge, hypothecation, assignment by way of security, indemnity, right of set-off, undertaking or other means of securing the payment of a debt, whether present or future, or the discharge of an obligation or liability, whether actual or contingent;

“undertaking of an existing bank” means the business and all of the property vested in or belonging to or held by that existing bank immediately before the effective date and all of the liabilities to which that existing bank was subject immediately before that date.

Transfer of undertakings

2.—(1) On the effective date, the undertakings of the existing banks shall, by virtue of section 14C and this Schedule and without further assurance, be transferred to and vest in the Bank as if in all respects the Bank were the same person in law as the existing banks.

SECOND SCHEDULE — *continued*

(2) The production of a copy of the certificate of approval issued under section 14A(1) shall, on and after the effective date, be conclusive evidence in all courts and proceedings of the transfer of the undertakings of the existing banks to the Bank and of their vesting in the Bank.

(3) If any portion of the undertaking of an existing bank cannot be vested in the Bank by virtue of section 14C and this Schedule because transfers of that portion are governed otherwise than by the law of Singapore, then that existing bank shall, as soon as is practicable after the effective date, take all necessary steps for the purpose of securing that that portion is effectively transferred to the Bank.

Saving of contracts, etc.

3.—(1) Subject to this paragraph, all contracts, agreements, conveyances, covenants, settlements, trusts, deeds, leases, licences and other instruments or undertakings entered into by or made with or addressed to an existing bank or to which an existing bank is a party (whether alone or with any other person) before and in force on the effective date shall as from that date be binding and of full force and effect in every respect against or in favour of the Bank as fully and effectually as if, instead of an existing bank, the Bank had been a party thereto or bound thereby or entitled to the benefit thereof.

(2) In relation to every contract of employment to which sub-paragraph (1) applies, that sub-paragraph shall operate to substitute the Bank for the existing bank which was the employer thereunder immediately before the effective date.

Banking business

4. Without prejudice to the generality of paragraphs 2 and 3, the following provisions shall have effect in relation to the banking businesses of the existing banks:

- (a) any account between an existing bank and a customer at any office or branch of that existing bank shall be transferred to the Bank on the effective date and shall become as and from that date an account between the Bank and the customer with the same rights and subject to the same obligations and incidents (including rights of set-off) as would have been applicable thereto if the account between that existing bank and the customer had continued and so that any instruction, order, direction, mandate or authority given by the customer in relation to the account and subsisting at or given after the effective date shall, unless and until revoked or cancelled, apply and have effect in relation to the account after its transfer to the Bank, except that nothing in this sub-paragraph shall affect any right of the

SECOND SCHEDULE — *continued*

Bank or of the customer to vary the conditions or incidents subject to which any account is kept;

- (b) any security held by an existing bank as security for the payment of debts or liabilities (whether present or future, actual or contingent) of any person shall be transferred or deemed to be transferred to the Bank on the effective date and shall be held by and be available to the Bank as security for the payment of such debts and liabilities to the Bank; and where the moneys secured by such a security include future advances to or liabilities of that person, the security shall as from that date be held by and be available to the Bank as security for future advances to that person by, and future liabilities of that person to, the Bank to the same extent to which future advances by, or liabilities to, the existing bank were secured thereby immediately before that date;
- (c) the Bank shall, in relation to any security transferred or deemed to have been transferred to it in accordance with or by virtue of the provisions of this Schedule and the moneys thereby secured in accordance with those provisions, be entitled to the same rights and priorities and subject to the same obligations and incidents as the existing bank from which the same has been transferred or deemed to have been transferred would have been entitled and subject to if the same had continued to be held by the existing bank; and
- (d) the custody of any document, goods or other property held by an existing bank as bailee for any other person at any office or branch of that existing bank shall be transferred or deemed to be transferred to the Bank on the effective date and the rights and obligations of that existing bank under any contract of bailment relating to such document, goods or property shall be transferred or deemed to be transferred on that date to the Bank.

Actions, etc., not to abate

5. Any action, arbitration or proceeding and any cause of action, arbitration or proceeding which shall, on the effective date, be pending or existing by, against or in favour of an existing bank shall not abate or be discontinued or be in any way prejudicially affected by reason of the provisions of this Schedule, but the same may be prosecuted, continued and enforced by, against or in favour of the Bank as and when it might have been prosecuted, continued and enforced by, against or in favour of an existing bank if this Schedule had not been enacted.

SECOND SCHEDULE — *continued***Documents, etc., to remain evidence**

6. All documents, records and admissions which if this Schedule had not been enacted would have been evidence in respect of any matter for or against an existing bank shall, on and after the effective date, be admitted in evidence in respect of the same or the like matter for or against the Bank.

Application of Part IV of Evidence Act

7.—(1) Notwithstanding the transfer of the undertakings of the existing banks to the Bank under and in the terms of this Schedule, the provisions of Part IV of the Evidence Act (Cap. 97) shall continue to apply with respect to the books of the existing banks which are transferred to the Bank by virtue of this Schedule and to entries made in such books before the effective date.

(2) For the purposes of this paragraph, “books” includes ledgers, day books, cash books, account books and all other books and records used in the ordinary business of an existing bank before the effective date.

Application of documents

8.—(1) Subject to sub-paragraph (2), where any document whensoever made or executed contains any reference express or implied to an existing bank, such reference shall, on and after the effective date and except where the context otherwise requires, be read, construed and have effect as a reference to the Bank.

(2) Without prejudice to the generality of sub-paragraph (1), where by any order of the court or by any trust deed, settlement, covenant or agreement or where by any will, codicil or other testamentary writing, whether made or executed before or after the effective date, an existing bank (whether alone or with any other person) was or is granted letters of administration or appointed trustee, executor, guardian or in any other fiduciary capacity, such order, trust deed, settlement, covenant, agreement, will, codicil or other testamentary writing shall not fail by reason of anything in this Schedule but shall, as from the effective date, be read and construed and have effect as if for any reference therein to that existing bank there was substituted a reference to the Bank.

Dissolution of existing banks

9.—(1) An existing bank shall, by virtue of this Schedule, be dissolved on the day (being a day after the effective date) on which at the request of the Bank, the Registrar of Companies strikes the name of that existing bank off the register under section 344 of the Companies Act (Cap. 50).

SECOND SCHEDULE — *continued*

(2) On the day referred to in sub-paragraph (1), all documents required to be kept by the existing bank pursuant to the provisions of the Companies Act shall, by virtue of this Schedule, be transferred to and vest in the Bank.

[28/93]

THIRD SCHEDULE

Section 47

DISCLOSURE OF INFORMATION

PART I

FURTHER DISCLOSURE NOT PROHIBITED

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
Purpose for which customer information may be disclosed	Persons to whom information may be disclosed	Conditions
1. Disclosure is permitted in writing by the customer or, if he is deceased, his appointed personal representative.	Any person as permitted by the customer or, if he is deceased, his appointed personal representative.	
2. Disclosure is solely in connection with an application for a grant of probate or letters of administration in respect of a deceased customer's estate.	Any person whom the bank in good faith believes is entitled to the grant of probate or letters of administration.	
3. Disclosure is solely in connection with —	All persons to whom the disclosure is necessary for the purpose specified in the first column.	<i>Note: Court may order the proceedings to be held in camera [see section 47(3) and (4)].</i>
(a) where the customer is an individual, the bankruptcy of the customer; or		
(b) where the customer is a body corporate, the		

THIRD SCHEDULE — *continued*

winding up of the customer.		
4. Disclosure is solely with a view to the institution of, or solely in connection with, the conduct of proceedings —	All persons to whom the disclosure is necessary for the purpose specified in the first column.	<i>Note: Court may order the proceedings to be held in camera [see section 47(3) and (4)].</i>
(a) between the bank and the customer or his surety relating to the banking transaction of the customer;		
(b) between the bank and 2 or more parties making adverse claims to money in an account of the customer where the bank seeks relief by way of interpleader; or		
(c) between the bank and one or more parties in respect of property, whether movable or immovable, in or over which some right or interest has been conferred or alleged to have been conferred on the bank by the customer or his surety.		
5. Disclosure is necessary for —	Any police officer or public officer duly authorised under the specified written law to carry out the investigation or	

THIRD SCHEDULE — *continued*

	prosecution or to receive the complaint or report, or any court.	
(a) compliance with an order or request made under any specified written law to furnish information, for the purposes of an investigation or prosecution, of an offence alleged or suspected to have been committed under any written law; or		
(b) the making of a complaint or report under any specified written law for an offence alleged or suspected to have been committed under any written law.		
6. Disclosure is necessary for compliance with a garnishee order served on the bank attaching moneys in the account of the customer.	All persons to whom the disclosure is required to be made under the garnishee order.	
7. Disclosure is necessary for compliance with an order of the Supreme Court or a Judge thereof pursuant to the powers conferred under Part IV	All persons to whom the disclosure is required to be made under the court order.	

THIRD SCHEDULE — *continued*

of the Evidence Act (Cap. 97).		
8. Where the bank is a bank incorporated outside Singapore or a foreign-owned bank incorporated in Singapore, the disclosure is strictly necessary for compliance with a request made by its parent supervisory authority.	The parent supervisory authority of the bank incorporated outside Singapore or the foreign-owned bank incorporated in Singapore, as the case may be.	(a) No deposit information shall be disclosed to the parent supervisory authority.
		(b) The parent supervisory authority is prohibited by the laws applicable to it from disclosing the customer information obtained by it to any person unless compelled to do so by the laws or courts of the country or territory where it is established.
9. Disclosure is in compliance with the provisions of this Act, the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 or any notice or directive issued by the Authority to banks.	The Authority or any person authorised or appointed by the Authority.	

[15/2011 wef 01/05/2011]

THIRD SCHEDULE — *continued*

PART II

FURTHER DISCLOSURE PROHIBITED

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
Purpose for which customer information may be disclosed	Persons to whom information may be disclosed	Conditions
1. Disclosure is solely in connection with the performance of duties as an officer or a professional adviser of the bank.	<p>Any —</p> <p>(a) officer of the bank in Singapore;</p> <p>(b) officer designated in writing by the head office of the bank in Singapore or, in the case of a foreign-owned bank incorporated in Singapore, its parent bank;</p> <p>(c) lawyer, consultant or other professional adviser appointed or engaged by the bank in Singapore under a contract for service; or</p> <p>(d) auditor appointed or engaged by the bank in Singapore, the head office of the bank in Singapore or, in the case of a foreign-owned bank incorporated in Singapore, its parent bank, under a contract for service.</p>	No disclosure shall be made to any auditor referred to in paragraph (d), other than an auditor appointed or engaged by the bank in Singapore, unless the auditor has given to the bank a written undertaking that he will not disclose any customer information obtained by him in the course of the performance of audit to any person except the head office of the bank in Singapore or, in the case of a foreign-owned bank incorporated in Singapore, its parent bank.
2. Disclosure is solely in connection with the conduct of internal audit of the bank or	<p>In the case of —</p> <p>(a) a bank incorporated outside Singapore —</p>	

THIRD SCHEDULE — *continued*

<p>the performance of risk management.</p>	<p>(i) the head office or parent bank of the bank;</p> <p>(ii) any branch of the bank outside Singapore designated in writing by the head office of the bank;</p> <p>(iii) any related corporation of the bank designated in writing by the head office of the bank;</p> <p>(b) a bank incorporated in Singapore, not being a foreign-owned bank incorporated in Singapore —</p> <p>(i) the parent bank; or</p> <p>(ii) any related corporation of the bank designated in writing by the head office of the bank; or</p> <p>(c) a foreign-owned bank incorporated in Singapore —</p> <p>(i) the parent bank; or</p> <p>(ii) any related corporation of the bank designated in writing by the parent bank.</p>	
<p>3. Disclosure is solely in connection with the performance of operational functions of the bank where such operational</p>	<p>Any person including the head office of the bank or any branch thereof outside Singapore which is engaged by the bank to</p>	<p>If any out-sourced function is to be performed outside Singapore, the disclosure shall be subject to such</p>

THIRD SCHEDULE — *continued*

functions have been out-sourced.	perform the out-sourced functions.	conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.
4. Disclosure is solely in connection with —	Any person participating or otherwise involved in the merger, acquisition or issue, or proposed merger, acquisition or issue, including any of his lawyers or other professional advisers (whether or not the merger or acquisition is subsequently entered into or completed).	
(a) the merger or proposed merger of the bank or its financial holding company with another company; or		
(b) any acquisition or issue, or proposed acquisition or issue, of any part of the share capital of the bank or its financial holding company,		
whether or not the merger or acquisition is subsequently entered into or completed.		

THIRD SCHEDULE — *continued*

<p>4A. Disclosure is solely in connection with the transfer or proposed transfer of the business of the bank to a company under Division 1 or 2 of Part VIIA, whether or not the transfer is subsequently carried out or completed.</p>	<p>Any —</p> <p>(a) transferor or transferee, defined in section 55A or 55D;</p> <p>(b) person affected by the transfer;</p> <p>(c) professional adviser appointed by any person referred to in paragraph (a) or (b); or</p> <p>(d) independent assessor appointed by the Minister or the Authority under section 55B or by the Authority under section 55E.</p>	
<p>4B. Disclosure is solely in connection with the transfer or proposed transfer of the shares in the bank under Division 3 of Part VIIA, whether or not the transfer is subsequently carried out or completed.</p>	<p>Any —</p> <p>(a) transferor or transferee, defined in section 55H;</p> <p>(b) professional adviser appointed by the transferor or transferee; or</p> <p>(c) independent assessor appointed by the Authority under section 55I.</p>	
<p>4C. Disclosure is solely in connection with the restructuring or proposed restructuring of the share capital of the bank under Division 4 of Part VIIA, whether</p>	<p>Any —</p> <p>(a) shareholder of the bank;</p> <p>(b) subscriber defined in section 55K;</p>	

THIRD SCHEDULE — *continued*

or not the restructuring is carried out or completed.	(c) professional adviser appointed by the bank or any person referred to in paragraph (a) or (b); or (d) independent assessor appointed by the Authority under section 55L.	
5. Disclosure is solely in connection with the restructure, transfer or sale, or proposed restructure, transfer or sale, of credit facilities (whether or not the restructure, transfer or sale is subsequently entered into or completed).	Any transferee, purchaser or any other person participating or otherwise involved in the restructure, transfer or sale, or proposed restructure, transfer or sale, including any of his lawyers or other professional advisers (whether or not the restructure, transfer or sale is subsequently entered into or completed).	No customer information, other than information relating to the relevant credit facilities, shall be disclosed.
6. In the case of a customer who has been issued with a credit or charge card by a bank in Singapore, disclosure is strictly necessary for notification of the suspension or cancellation of the card by the bank by reason of the customer's default in payment to the bank.	Any financial institution in Singapore which issues credit or charge cards.	No customer information, other than information relating to the following, may be disclosed: (a) the customer's name and identity; (b) the amount of the debt outstanding on the customer's credit or charge card; (c) the date of suspension or

THIRD SCHEDULE — *continued*

		cancellation of the customer's credit or charge card, as the case may be.
<p>7. Disclosure is strictly necessary —</p> <p>(a) for the collation, synthesis or processing of customer information by the credit bureau for the purposes of the assessment of the credit-worthiness of the customers of banks; or</p> <p>(b) for the assessment, by other members of the credit bureau specified in the second column, of the credit-worthiness of the customers of banks.</p>	<p>Any —</p> <p>(a) credit bureau of which the bank is a member;</p> <p>(b) other member of the credit bureau that is —</p> <p>(i) a bank or merchant bank; or</p> <p>(ii) a person, or a person belonging to a class of persons, recognised by the Authority, by notification published in the <i>Gazette</i>, as authorised to receive the information,</p>	<p>(a) No deposit information shall be disclosed.</p> <p>(b) The disclosure by any credit bureau to any person referred to in paragraph (b) of the second column shall be subject to such conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.</p>
	where that member receives such information from the credit bureau.	
<p>8. Disclosure is strictly necessary for the assessment of the credit-worthiness of the customer in connection with or relating to a bona fide commercial transaction or a prospective</p>	<p>Any other bank or merchant bank in Singapore.</p>	<p>No customer information, other than information of a general nature and not related to the details of the customer's account with the bank, shall be disclosed.</p>

THIRD SCHEDULE — *continued*

commercial transaction.		
9. Disclosure is solely in connection with the promotion, to customers of the bank in Singapore, of financial products and services made available in Singapore by any financial institution specified in the second column.	Any financial institution in Singapore which is licensed or otherwise regulated by the Authority.	No customer information, other than the customer's name, identity, address, and contact number shall be disclosed.
10. Disclosure is solely in connection with the payment of compensation under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 to insured depositors or persons referred to in section 22(7) of that Act.	(a) The deposit insurance and policy owners' protection fund agency;	(a) The disclosure by the deposit insurance and policy owners' protection fund agency or the Public Trustee to any person referred to in paragraph (c) of the second column shall be subject to such conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.
	(b) the Public Trustee; or	(b) The disclosure by any person referred to in paragraph (a), (b) or (c) of the second column to any other person referred to in the same paragraph shall be subject to such conditions as

THIRD SCHEDULE — *continued*

		may be specified in a notice issued by the Authority or otherwise imposed by the Authority.
	(c) any person authorised or appointed by the deposit insurance and policy owners' protection fund agency or the Public Trustee (as the case may be) to perform its functions under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011.	(c) The Public Trustee may disclose customer information to such persons or class of persons and subject to such conditions, as may be determined by the Minister.

[15/2011 wef 01/05/2011]

PART III

INTERPRETATION

In this Schedule, unless the context otherwise requires —

“appointed personal representative”, in relation to a deceased person, means a person appointed as executor or administrator of the estate of the deceased person;

“credit bureau” means a credit bureau recognised as such by the Authority by notification in the Gazette for the purposes of this Schedule;

“deposit insurance and policy owners' protection fund agency” means the deposit insurance and policy owners' protection fund agency designated under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011;

[15/2011 wef 01/05/2011]

“insured depositor” has the same meaning as in section 2(1) of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011;

[15/2011 wef 01/05/2011]

“lawyer” means an advocate and solicitor of the Supreme Court of Singapore, or any person who is duly authorised or registered to

THIRD SCHEDULE — *continued*

practise law in a country or territory other than Singapore by a foreign authority having the function conferred by law of authorising or registering persons to practise law in that country or territory;

“merchant bank” means a merchant bank approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);

“public officer” includes any officer of a statutory board;

“specified written law” means the Companies Act (Cap. 50), the Criminal Procedure Code (Cap. 68), the Goods and Services Tax Act (Cap. 117A), the Hostage-Taking Act 2010, the Income Tax Act (Cap. 134), the Internal Security Act (Cap. 143), the Kidnapping Act (Cap. 151), the Moneylenders Act 2008 (Act 31 of 2008) and the Prevention of Corruption Act (Cap. 241);

“surety”, in relation to a customer of a bank, includes any person who has given the bank security for the liability of the customer by way of a mortgage or a charge.

[23/2001; 31/2005]

FOURTH SCHEDULE

Sections 3(1A) and 77A

SPECIFIED PROVISIONS

1. Section 76A(2).

[1/2007]

FIFTH SCHEDULE

Sections 27(4), 28(8), 29 (7), 38(9) and
77A

DEFINITIONS IN SECTIONS 27, 28, 29 AND 38

1. For the purposes of sections 27, 28 and 29 and this Schedule —

“affiliate” means —

(a) in relation to a substantial shareholder of a bank incorporated in Singapore, any corporation which is an associate of the substantial shareholder, other than —

- (i) the bank and any company in which the bank acquires or holds, directly or indirectly, a major stake;

FIFTH SCHEDULE — *continued*

- (ii) the parent bank of the bank and any company in which the parent bank acquires or holds, directly or indirectly, a major stake; or
 - (iii) where the bank is the subsidiary of a financial holding company, the financial holding company and any company in which the financial holding company acquires or holds, directly or indirectly, a major stake;
- (b) in relation to a substantial shareholder of a financial holding company, any corporation which is an associate of the substantial shareholder, other than —
- (i) the financial holding company and any company in which the financial holding company acquires or holds, directly or indirectly, a major stake; or
 - (ii) where the financial holding company is the subsidiary of another financial holding company, the second-mentioned financial holding company and any company in which the second-mentioned holding company acquires or holds, directly or indirectly, a major stake; and
- (c) in relation to a substantial shareholder of a parent bank, any corporation which is an associate of the substantial shareholder, other than the parent bank and any company in which the parent bank acquires or holds, directly or indirectly, a major stake;

“associate”, in relation to a substantial shareholder, means —

- (a) any corporation in which the substantial shareholder controls the composition of the board of directors;
- (b) any corporation in which the substantial shareholder controls more than half of the voting power;
- (c) any corporation in which the substantial shareholder holds more than half of the total number of issued shares;
- (d) any corporation which is a subsidiary of any other corporation which is an associate by virtue of paragraph (a), (b) or (c);
- (e) any corporation in which the substantial shareholder or any other corporation which is an associate by virtue of paragraph (a), (b), (c) or (d) has, or the substantial shareholder and such other corporation together have, an interest in shares entitling the beneficial owners thereof the

FIFTH SCHEDULE — *continued*

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 the first-mentioned corporation; or

- (f) any corporation (not being a corporation which is an associate by virtue of paragraph (a), (b), (c), (d) or (e)) the policies of which the substantial shareholder or any other corporation which is an associate by virtue of paragraph (a), (b), (c), (d) or (e) is, or the substantial shareholder together with such other corporation are, able to control or influence materially;

“counterparty”, in relation to a bank, means a person —

- (a) who has an obligation to the bank as a result of the bank’s contractual or other arrangements; or
- (b) in relation to whom the bank is at risk as a result of the bank’s contractual or other arrangements or investments;

“director”, in relation to a bank in Singapore, includes the spouse, parent and child of a director of the bank;

“director group”, in relation to a bank in Singapore, means a group of persons comprising —

- (a) any director of the bank;
- (b) every firm or limited liability partnership in which the director is a partner, a manager, an agent, a guarantor or a surety;
- (c) every individual of whom, and every company of which, the director is a guarantor or surety; and
- (d) 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;

“exposure” means the maximum loss that a bank may incur as a result of the failure of a counterparty to meet any of its obligations;

“family member”, in relation to an individual, means the individual’s spouse, parent or child;

“financial group”, in relation to a bank in Singapore, means a group of companies comprising —

FIFTH SCHEDULE — *continued*

- (a) where the bank is incorporated in Singapore, every company in which the bank acquires or holds, directly or indirectly, a major stake in accordance with section 32(1); or
- (b) where the bank is incorporated outside Singapore, every company in which the bank acquires or holds, directly or indirectly, a major stake in accordance with section 32(1) and which is reflected as an investment in the books of the bank in Singapore in relation to its operations in Singapore;

“parent bank”, in relation to a bank, means a bank incorporated in or outside Singapore of which the first-mentioned bank is a subsidiary;

“substantial shareholder group”, in relation to a bank incorporated in Singapore, means a group of persons comprising —

- (a) any substantial shareholder of the bank;
- (b) every affiliate of the substantial shareholder of the bank; and
- (c) where the bank is a subsidiary of a financial holding company or a parent bank —
 - (i) any substantial shareholder of the financial holding company or the parent bank; and
 - (ii) every affiliate of the substantial shareholder referred to in sub-paragraph (i).

2. For the purposes of the definitions of “associate” and “substantial shareholder group”, a reference to a substantial shareholder shall, where the substantial shareholder is an individual, include a reference to a family member of the substantial shareholder.

3. For the purposes of the definition of “associate”, a substantial shareholder is deemed to control the composition of the board of directors of a corporation if he has any power, exercisable by him without the consent or concurrence of any other person, to appoint or remove all or a majority of the directors of the corporation.

4. For the purposes of the definition of “director group”, a director of a bank is deemed to control the composition of the board of directors of a company if he has any power, exercisable by him without the consent or concurrence of any other person, to appoint or remove all or a majority of the directors of the company.

5. For the purposes of the definition of “exposure”, in determining the maximum loss that a bank may incur as a result of the failure of a counterparty to meet any of its obligations —

- (a) any collateral available to the bank; and

FIFTH SCHEDULE — *continued*

(b) any likelihood of recovery from the counterparty in the event of the bankruptcy or winding up, or its equivalent, of the counterparty, shall not be taken into account.

6. For the purposes of section 38, “liquidity stress situation” means a situation where a bank, having exhausted all reasonable sources or avenues for obtaining funds, is unable to meet its obligations, as and when they fall due, without incurring significant costs or losses.

7. In this Schedule, unless the context otherwise requires —

(a) any reference to a company in which a bank acquires or holds, directly or indirectly, a major stake is a reference to a company in which the bank has a major stake as defined in section 32(7); and

(b) any reference to a company in which a financial holding company or a parent bank (referred to in this sub-paragraph as the major stakeholder) acquires or holds, directly or indirectly, a major stake is a reference to a company —

(i) in which the major stakeholder has any beneficial interest exceeding 10% of the total number of issued shares in the company;

(ii) in which the major stakeholder has control over more than 10% of the voting power in the company; or

(iii) the directors of which are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the major stakeholder, or the policies of which the major stakeholder is in a position to determine.

[1/2007]

LEGISLATIVE HISTORY

BANKING ACT (CHAPTER 19)

This Legislative History is provided for the convenience of users of the Banking Act. It is not part of this Act.

1. Act 41 of 1970 — Banking Act 1970

Date of First Reading : 22 July 1970
(Bill No. 29/70 published on
28 July 1970)

Date of Second and Third Readings : 2 September 1970

Date of commencement : 1 January 1971

2. 1970 Revised Edition — Banking Act (Cap. 182)

Date of operation : 1 July 1971

3. Act 6 of 1983 — Banking (Amendment) Act 1983

Date of First Reading : 3 December 1982
(Bill No. 22/82 published on
8 December 1982)

Date of Second and Third Readings : 4 March 1983

Date of commencement : 22 April 1983

4. Act 2 of 1984 — Banking (Amendment) Act 1984

Date of First Reading : 20 December 1983
(Bill No. 15/83 published on
27 December 1983)

Date of Second and Third Readings : 17 January 1984

Date of commencement : 9 March 1984

5. 1985 Revised Edition — Banking Act

Date of operation : 30 March 1987

6. Act 16 of 1993 — Supreme Court of Judicature (Amendment) Act 1993 (Consequential amendments made to Act by)

Date of First Reading : 26 February 1993
(Bill No. 12/93 published on
27 February 1993)

Date of Second and Third Readings : 12 April 1993

Date of commencement : 1 July 1993

7. Act 28 of 1993 — Banking (Amendment) Act 1993

Date of First Reading : 30 July 1993
(Bill No. 22/93 published on
31 July 1993)

Date of Second and Third Readings : 30 August 1993

Date of commencement : 8 October 1993

8. 1994 Revised Edition — Banking Act

Date of operation : 15 March 1994

9. Act 21 of 1996 — Banking (Amendment) Act 1996

Date of First Reading : 2 May 1996
(Bill No. 12/96 published on
3 May 1996)

Date of Second and Third Readings : 21 May 1996

Date of commencement : 18 July 1996

10. Act 27 of 1998 — Banking (Amendment) Act 1998

Date of First Reading : 1 June 1998
(Bill No. 20/98 published on
2 June 1998)

Date of Second and Third Readings : 29 June 1998

Date of commencement : 10 July 1998

11. Act 37 of 1998 — Post Office Savings Bank of Singapore (Transfer of Undertakings and Dissolution) Act 1998

(Consequential amendments made to Act by)

Date of First Reading : 31 July 1998
(Bill No. 34/98 published on
1 August 1998)

Date of Second and Third Readings : 12 October 1998

Date of commencement : 16 November 1998

12. Act 25 of 1999 — Drug Trafficking (Confiscation of Benefits) (Amendment) Act 1999

(Consequential amendments made to Act by)

Date of First Reading : 4 May 1999
(Bill No. 16/99 published on
5 May 1999)

Date of Second and Third Readings : 6 July 1999
 Date of commencement : 13 September 1999

13. 1999 Revised Edition — Banking Act

Date of operation : 30 December 1999

14. Act 23 of 2001 — Banking (Amendment) Act 2001

Date of First Reading : 19 April 2001
 (Bill No. 21/2001 published on
 20 April 2001)

Date of Second and Third Readings : 16 May 2001

Date of commencement : 18 July 2001

15. Act 42 of 2001 — Securities and Futures Act 2001

(Consequential amendments made to Act by)

Date of First Reading : 25 September 2001
 (Bill No. 33/2001 published on
 26 September 2001)

Date of Second and Third Readings : 5 October 2001

Date of commencement : 1 July 2002
 (Item (1)(a) of Fourth Schedule)

16. Act 42 of 2001 — Securities and Futures Act 2001

(Consequential amendments made to Act by)

Date of First Reading : 25 September 2001
 (Bill No. 33/2001 published on
 26 September 2001)

Date of Second and Third Readings : 5 October 2001

Date of commencement : 1 October 2002
 (Item (1)(b) of Fourth Schedule)

17. Act 39 of 2002 — Payment and Settlement Systems (Finality and Netting) Act 2002

(Consequential amendments made to Act by)

Date of First Reading : 31 October 2002
 (Bill No. 41/2002 published on
 1 November 2002)

Date of Second and Third Readings : 25 November 2002

Date of commencement : 9 December 2002

18. 2003 Revised Edition — Banking Act

Date of operation : 31 July 2003

19. Act 24 of 2003 — Monetary Authority of Singapore (Amendment) Act 2003

(Consequential amendments made to Act by)

Date of First Reading : 16 October 2003
(Bill No. 21/2003 published on
17 October 2003)

Date of Second and Third Readings : 10 November 2003

Date of commencement : 1 January 2004

20. Act 5 of 2004 — Companies (Amendment) Act 2004

(Consequential amendments made to Act by)

Date of First Reading : 5 January 2004
(Bill No. 3/2004 published on
6 January 2004)

Date of Second and Third Readings : 6 February 2004

Date of commencement : 1 April 2004

21. Act 5 of 2005 — Limited Liability Partnerships Act 2005

(Consequential amendments made to Act by)

Date of First Reading : 19 October 2004
(Bill No. 64/2004 published on
20 October 2004)

Date of Second and Third Readings : 25 January 2005

Date of commencement : 11 April 2005

22. Act 31 of 2005 — Deposit Insurance Act 2005

(Consequential amendments made to Act by)

Date of First Reading : 15 August 2005
(Bill No. 21/2005 published on
16 August 2005)

Date of Second and Third Readings : 19 September 2005

Date of commencement : 18 October 2005

- 23. Act 21 of 2005 — Companies (Amendment) Act 2005**
(Consequential amendments made to Act by)
- Date of First Reading : 18 April 2005
(Bill No. 11/2005 published on
19 April 2005)
- Date of Second and Third Readings : 16 May 2005
- Date of commencement : 30 January 2006
- 24. Act 42 of 2005 — Statutes (Miscellaneous Amendments) (No. 2) Act 2005**
- Date of First Reading : 17 October 2005
(Bill No. 30/2005 published on
18 October 2005)
- Date of Second and Third Readings : 21 November 2005
- Date of commencement : 1 April 2006
(Item (2) of First Schedule —
Amendment of Banking Act)
- 25. Act 1 of 2006 — Payment Systems (Oversight) Act 2006**
(Consequential amendments made to Act by)
- Date of First Reading : 21 November 2005
(Bill No. 39/2005 published on
22 November 2005)
- Date of Second and Third Readings : 16 January 2006
- Date of commencement : 23 June 2006
- 26. Act 1 of 2007 — Banking (Amendment) Act 2007**
- Date of First Reading : 8 November 2006
(Bill No. 13/2006 published on
9 November 2006)
- Date of Second and Third Readings : 22 January 2007
- Date of commencement : 31 March 2007
- 27. 2008 Revised Edition — Banking Act**
- Date of operation : 31 March 2008
- 28. Act 23 of 2008 — Co-operative Societies (Amendment) Act 2008**
(Consequential amendments made to Act by)
- Date of First Reading : 25 August 2008
(Bill No. 19/2008 published on
17 October 2008)

Date of Second and Third Readings : 16 September 2008

Date of commencement : 20 October 2008

29. Act 5 of 2010 — Moneylenders (Amendment) Act 2010

(Consequential amendments made to Act by)

Date of First Reading : 23 November 2009
(Bill No. 23/2009 published on
23 November 2009)

Date of Second and Third Readings : 12 January 2010

Date of commencement : 11 February 2010

30. Act 19 of 2010 — Hostage-Taking Act 2010

(Consequential amendments made to Act by)

Date of First Reading : 19 July 2010
(Bill No. 13/2010 published on
19 July 2010)

Date of Second and Third Readings : 16 August 2010

Date of commencement : 21 November 2010

31. Act 15 of 2010 — Criminal Procedure Code 2010

(Consequential amendments made to Act by)

Date of First Reading : 26 April 2010
(Bill No. 11/2010 published on
26 April 2010)

Date of Second and Third Readings : 19 May 2010

Date of commencement : 2 January 2011

32. Act 15 of 2011 — Deposit Insurance and Policy Owners' Protection Schemes Act 2011

(Consequential amendments made to Act by)

Date of First Reading : 10 March 2011
(Bill No. 10/2011 published on
10 March 2011)

Date of Second and Third Readings : 11 April 2011

Date of commencement : 1 May 2011

COMPARATIVE TABLE
BANKING ACT
(CHAPTER 19)

The following provisions in the 2003 Revised Edition of the Banking Act have been renumbered by the Law Revision Commissioners in this 2008 Revised Edition.

This Comparative Table is provided for the convenience of users. It is not part of the Banking Act.

2008 Ed.	2003 Ed.
4A—(1) to (6)	4A—(1) to (6)
—	(7) and (8) <i>(Deleted by Act 1/2007)</i>
(7)	(9)
9—(1) (a)	9—(1) (a)
—	(b) <i>(Deleted by Act 1/2007)</i>
(b)	(c) (i)
—	(ii) <i>(Deleted by Act 1/2007)</i>
—	(2) <i>(Deleted by Act 1/2007)</i>
(2)	(3)
—	(4) and (5) <i>(Deleted by Act 1/2007)</i>
(3)	(6)
(4)	(7)
(5)	(8)
(6)	(9)
—	11 <i>(Repealed by Act 1/2007)</i>
—	22 <i>(Repealed by Act 1/2007)</i>
—	24 <i>(Repealed by Act 23/2001)</i>
31—(1) and (2)	31—(1) and (2)
(3)	(3)
—	(a) <i>(Deleted by Act 1/2007)</i>
(a)	(b)

<i>(b)</i>	<i>(c)</i>
(4) and (5)	(4) and (5)
—	<i>(6) (Deleted by Act 1/2007)</i>
—	37 <i>(Repealed by Act 1/2007)</i>
59	59 —(1)
—	<i>(2) to (5) (Deleted by Act 1/2006)</i>
62 —(1) <i>(a) to (d)</i>	62 —(1) <i>(a) to (d)</i>
—	<i>(e) and (f) (Deleted by Act 1/2007)</i>
—	68 <i>(Repealed by Act 24/2003)</i>
COMPARATIVE TABLE	

COMPARATIVE TABLE
BANKING ACT
(CHAPTER 19)

BANKING ACT (CHAPTER 19, 2003 EDITION)

The following provisions in the 1999 Revised Edition of the Banking Act were renumbered by the Law Revision Commissioners in the 2003 Revised Edition.

This Comparative Table is provided for the convenience of users. It is not part of the Banking Act.

2003 Ed.	1999 Ed.
	2(3) (<i>Deleted by Act 232001</i>)
4B(1) and (2)	4B(1)
(3) to (10)	(2) to (9)
	9A(7) (<i>Spent</i>)
10(3)	10(2A)
(4)	(3)
	14A(7) (<i>Deleted by Act 232001</i>)
14A(7)	(8)
	24 (<i>Repealed by Act 232001</i>)
25(3)	25(2A)
(4)	(3)
	(4), (5), (5A), (6), (7), (7A) and (8) (<i>Deleted by Act 232001</i>)
(5)	(9)
	26(2) (<i>Omitted, being obsolete by virtue of MAS Notice 610 to Banks issued under section 26(1)</i>)
26(2)	(2A)
(3) and (4)	(2B) and (2C)

	<i>(3) (Omitted, being obsolete by virtue of MAS Notice 610 to Banks issued under section 26(1))</i>
(5) to (8)	(4) to (7)
44	44(1)
	<i>(2) (Deleted by Act 232001)</i>
	46A <i>(Repealed by Act 232001)</i>
54(2) and (3)	54(2)
(4)	(3)
55	54A
56	55
	56 <i>(Repealed by Act 232001)</i>
	57 <i>(Repealed by Act 232001)</i>
	59A <i>(Repealed by Act 392002)</i>
77A(3)	77A(2A)
(4) to (9)	(3) to (8)
78(3)	78(2A)
(4) and (5)	(3) and (4)
	<i>First Schedule (Omitted, being obsolete by virtue of MAS Notice 610 to Banks issued under section 26(1))</i>
	<i>Second Schedule (Omitted, being obsolete by virtue of MAS Notice 610 to Banks issued under section 26(1))</i>
	<i>Third Schedule (Omitted, being obsolete by virtue of MAS Notice 610 to Banks issued under section 26(1))</i>
First Schedule	Fourth Schedule
Second Schedule	Fifth Schedule
Third Schedule	Sixth Schedule