



# THE STATUTES OF THE REPUBLIC OF SINGAPORE

## BANKING ACT 1970

### 2020 REVISED EDITION

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# Banking Act 1970

## ARRANGEMENT OF SECTIONS

### PART 1

#### PRELIMINARY

#### Section

1. Short title
2. Interpretation

### PART 2

#### APPOINTMENT OF ASSISTANTS

3. Appointment of assistants

### PART 3

#### 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 bank licence or variation of condition as to banking business
8. Licence fees
9. Minimum capital requirements
- 9A. Capital requirements for qualifying subsidiaries
10. Risk-based capital requirements
- 10A. Leverage ratio requirement
- 10B. Public disclosure requirement
- 10C. Stable funding requirement
11. *[Repealed]*
- 11A. Appeal to Minister

## Section

12. New place of business and change of location of existing place of business
13. Fees to be paid in respect of branches of banks
- 13A. Registration of representative office
14. Mergers
- 14A. Approval by Minister for merger of certain banks
- 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, and notification of Authority of contravention, etc.
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 bank licence
21. Effect of revocation of bank licence

## PART 4

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 *[Repealed]*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 *[Repealed]*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 accounts
26. Information to be provided by banks
27. Information on exposures, etc., to related parties
28. Disclosure of interest by directors

## PART 5

## PROHIBITED BUSINESS

29. Exposures and credit facilities resulting in concentration risk

## Section

- 29A. Credit facilities, exposures and transactions that may result in conflict of interest
- 30. Businesses which banks in Singapore may carry out
- 31. Limit on equity investments
- 32. Major stake in entity
- 33. Immovable property
- 34. Grace period for sections 30 to 33
- 35. Exposure to immovable property sector
- 36. [*Repealed*]
- 37. [*Repealed*]

## PART 6

## MINIMUM ASSET REQUIREMENTS

- 38. Liquid assets requirement
- 39. Minimum cash balances
- 39A. Use of minimum cash balances in liquidity stress situation
- 40. Asset maintenance requirement

## PART 7

## POWERS OF CONTROL OVER BANKS, ETC.

- 40A. Interpretation of this Part
- 41. Regulation of interest rates of banks
- 42. Recommendations to banks concerning credits and investments
- 43. Inspection of banks and their local subsidiaries
- 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
- 46A. [*Repealed*]
- 46B. Inspection outside Singapore of subsidiaries of banks incorporated in Singapore
- 47. Privacy of customer information
- 47A. Relevant services obtained or received by bank in Singapore
- 48. Information of insolvency, etc.
- 48AA. Information of material adverse development, 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

## Section

- 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
- 53A. Appointment of chief executive officer and other persons
- 54. Disqualification or removal of director or executive officer
- 54A. *[Repealed]*
- 54B. *[Repealed]*
- 55. Notices to banks

## PART 7A

## TRANSFER OF BUSINESS

*Division 1 — Transfer of business of bank*

- 55A. Interpretation of this Division
- 55B. Conditions for transfer of business
- 55BA. Power to require incorporation and transfer of business
- 55C. Approval of transfer

*Division 2 — [Repealed by Act 10 of 2013]*

- 55D. *[Repealed]*
- 55E. *[Repealed]*
- 55F. *[Repealed]*
- 55G. *[Repealed]*

*Division 3 — [Repealed by Act 10 of 2013]*

- 55H. *[Repealed]*
- 55I. *[Repealed]*
- 55J. *[Repealed]*

*Division 4 — [Repealed by Act 10 of 2013]*

- 55K. *[Repealed]*
- 55L. *[Repealed]*
- 55M. *[Repealed]*

*Division 5 — Miscellaneous*

- 55N. Power to obtain information under this Part
- 55O. *[Repealed]*
- 55P. Regulations for this Part

## PART 7B

## MERCHANT BANKS

*Division 1 — Interpretation and application  
of provisions in Parts 3 to 7A*

## Section

55Q. Interpretation of this Part

55R. Application of provisions in Parts 3 to 7A

*Division 2 — Licensing of merchant banks, etc.*

55S. Application for merchant bank licence

55T. Minimum capital requirements of merchant banks

55U. Restrictions on merchant banks in Singapore accepting or soliciting deposit or raising money in Singapore dollars

55V. Businesses that merchant banks in Singapore may carry on

55W. Duty to inform Authority of change in shareholding

55X. Shareholder must be fit and proper person

55Y. Duty to inform Authority if shareholder, etc., is not fit and proper person

55Z. Power of Authority to obtain information

55ZA. Revocation of merchant bank licence

55ZB. Application of provisions in Part 3

*Division 3 — Balance sheets and information*

55ZC. Maintenance of adequate provisions for bad and doubtful debts

55ZD. Application of provisions in Part 4

*Division 4 — Additional restrictions on  
business of merchant banks*

55ZE. Exposures and credit facilities resulting in concentration risk

55ZF. Application of provisions in Part 5

*Division 5 — Minimum asset requirements*

55ZG. Application of provisions in Part 6

*Division 6 — Powers of control over merchant banks, etc.*

55ZH. Regulation of interest rates of merchant banks

55ZI. Privacy of customer information

55ZJ. Application of other provisions in Part 7

*Division 7 — Transfer of business of merchant banks*

55ZK. Application of provisions in Part 7A

*Division 8 — Application of Fifth Schedule*

## Section

## 55ZL. Application of Fifth Schedule

## PART 8

## 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
- 57EA. Place of business
- 57EB. Information to be provided on business of issuing credit cards or charge cards
- 57F. Inspection and investigation
- 57FA. Appointment of chief executive officer and other persons
- 57FB. Disqualification or removal of director or executive officer
- 57FC. Application and interpretation of sections 57FD and 57FE
- 57FD. Control of shareholdings and voting power in licensee
- 57FE. Approval of applications
- 57G. Non-application of this Part

## PART 9

## 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
- 62B. Priority of specified liabilities for merchant banks
- 63. Redemption of securities held by bank or merchant bank under liquidation
- 64. Execution of instruments under seal
- 65. Power of Authority to secure compliance with Act
- 65A. Power of Authority to secure compliance by merchant bank

## Section

- 66. Offences by directors or executive officers and false or misleading information
- 67. Offences by directors, employees and agents
- 68. [*Repealed*]
- 69. Composition of offences
- 70. Publication of information on banks and merchant 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 1967
- 75A. Service of documents, etc.
- 75B. Electronic service
- 76. Exemption
- 76A. Authority's powers of exemption
- 77. [*Repealed*]
- 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, 29A, 38 and 39A

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

[5/2016]

[1 January 1971]



PART 1  
PRELIMINARY

**Short title**

1. This Act is the Banking Act 1970.

**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 1970;

“bank” means any company which holds a valid bank 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 complying with the capital adequacy requirements imposed 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 written notice), deduction having been made for any loss appearing in the accounts of the bank;
- (b) in the case of a bank incorporated outside Singapore or a merchant bank incorporated outside Singapore, such net head office funds and such other liabilities as the Authority may, by written notice, specify; or
- (c) in the case of a merchant bank incorporated in Singapore, the aggregate of its paid-up capital (excluding any amount represented by treasury shares) and its published reserves (excluding any reserves that the Authority may specify by written notice), deduction having been made for any loss appearing in the accounts of the merchant bank;

“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 pursuant to 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 in or outside Singapore;

“corporation” has the meaning given by section 4(1) of the Companies Act 1967;

“credit facilities” means —

- (a) the granting by a bank or merchant bank of advances, loans and other facilities by which a customer of the bank or merchant bank (as the case may be) has access to funds or financial guarantees; or
- (b) the incurring by a bank or merchant 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 1970;

“financial year” has the meaning given by section 4(1) of the Companies Act 1967;

“foreign company” has the meaning given by section 4(1) of the Companies Act 1967;

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

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

“Guidelines on Fit and Proper Criteria” means the document by that title issued by the Authority and published on its website, as revised from time to time;

“licence” means —

(a) a bank licence granted or held under section 7 or 79;  
or

(b) a merchant bank licence granted under section 55S or treated as having been granted under section 64 of the Banking (Amendment) Act 2020;

“limited liability partnership” has the meaning given by section 2(1) of the Limited Liability Partnerships Act 2005;

“merchant bank” means any company —

(a) that holds a valid merchant bank licence granted under section 55S; or

(b) that is treated as having been granted a merchant bank licence in accordance with section 64 of the Banking (Amendment) Act 2020;

“merchant bank in Singapore” means —

(a) a merchant bank incorporated in Singapore; or

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

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

“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 or merchant bank, means a financial institution which is able to exercise a significant influence over the direction and management of the bank or merchant bank (as the case may be) or which has a controlling interest in the bank or merchant bank (as the case may be);

“parent supervisory authority” means —

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

that has consolidated supervision authority over the merchant bank;

“partner” and “manager”, in relation to a limited liability partnership, have the respective meanings given by section 2(1) of the Limited Liability Partnerships Act 2005;

“person” includes a corporation;

“place of business”, in relation to a bank or merchant bank, includes —

- (a) a head or main office;
- (b) a branch;
- (c) an agency;
- (d) a mobile branch;
- (e) any office established and maintained for the bank or merchant bank (as the case may be) for a limited period only; and
- (f) any other place used by the bank or merchant bank (as the case may be) for the conduct of any of its business;

“published reserves”, in relation to a bank or merchant bank, means reserves in the accounts of the bank or merchant bank (as the case may be) that are duly audited or certified as correct by the auditor of the bank or merchant bank, as the case may be;

“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 meaning given by section 4(1) of the Companies Act 1967;

“related corporation”, in relation to a corporation, means a corporation that is deemed to be related to the firstmentioned corporation under section 6 of the Companies Act 1967;

- “representative office” means an office established by a person to carry out liaison work, market research or feasibility studies, in relation to banking business, for use by the person;
- “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 meaning given by section 4(1) of the Companies Act 1967 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 meaning given by section 5 of the Companies Act 1967;
- “substantial shareholder” has the meaning given by section 81 of the Companies Act 1967;
- “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 meaning given by section 4(1) of the Companies Act 1967.

*[5/2016; 1/2020]*

(2) Without affecting any other meaning which the word “insolvent” may have, a bank or merchant bank is, for the purposes of this Act, 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.

*[1/2020]*

## PART 2

## 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.

(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.

(2) Any person appointed by the Authority under subsection (1) is deemed to be a public servant for the purposes of the Penal Code 1871.

## PART 3

## LICENSING OF BANKS

**Licensing of banks**

4.—(1) Subject to section 55S, a banking business must not be transacted in Singapore except by a company which is in possession of a valid bank licence granted under this Act by the Authority authorising it to conduct banking business in Singapore.

[1/2020]

(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 of a day 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 of a day during which the offence continues after conviction.

### **Restriction on deposit-taking business and soliciting deposits**

**4A.**—(1) Subject to subsection (6), a person must not, 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.

(2) A person must not, 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.

(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 is to be had to such considerations as the Authority may prescribe.

(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 of a day 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 of a day during which the offence continues after conviction.

(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 the person proves that —

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

(6) Without affecting section 76, subsection (1) does not apply to —

- (a) any bank in Singapore;
- (b) any co-operative society registered as a credit society under the Co-operative Societies Act 1979;
- (c) any finance company licensed under the Finance Companies Act 1967;
- (d) any merchant bank;
- (e) any person (other than a person mentioned 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.

*[23/2008; 5/2016]*

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

**Application of section 4A**

**4B.**—(1) In 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.

(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 is to be treated as an advertisement mentioned in section 4A.

(3) Despite subsections (1) and (2), an advertisement issued outside Singapore is not to 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.

(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.

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

(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 affecting 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.

(6) In 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 licensed under the Insurance Act 1966;

(b) a sum paid by any moneylender licensed under the Moneylenders Act 2008;

(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.

[11/2013]

(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) the capital of or the interest on money received by way of deposit is used to finance any activity of the business to any material extent.

[1/2020]

(8) Even though 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, herself or itself 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.

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

(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, stepson or stepdaughter 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 meaning given by section 4(1) of the Companies Act 1967;

“securities” has the meaning given by section 2(1) of the Securities and Futures Act 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, at all times —

- (a) has 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) has 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).

(2) Any person who obstructs the Authority in the exercise of its powers under subsection (1) or, without reasonable excuse, fails to provide such books in the person’s 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 of a day 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 of a day during which the offence continues after conviction.

### **Use of word “bank”**

**5.**—(1) A person or body of persons, whether incorporated or not, other than a bank, must not, 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 prohibits 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 mentioned 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; and
- (g) such international financial institution as may be prescribed.

[5/2016]

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

(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 written notice 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) applies to the person or body of persons as from that date.

(2C) The Authority must 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).

(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 of a day 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 of a day during which the offence continues after conviction.

### **Use of bank name, etc.**

**5A.**—(1) A person must not, 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 the person's trade or business is related to or associated with a bank incorporated in Singapore or any of its subsidiaries which carries on a business mentioned in section 30(1)(a), (b), (c) or (d).

(2) A bank incorporated in Singapore must not cause or knowingly permit any person (other than a related corporation of the bank which carries on any business mentioned 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.

(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 of a day 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 of a day during which the offence continues after conviction.

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

(a) any related corporation of the bank which carries on a business mentioned 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 mentioned 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 mentioned 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.

(5) Nothing in this section prevents a person who lawfully uses any name, logo or trade mark in the manner mentioned in subsection (1) before 18 July 2001 from continuing to use the name, logo or trade mark in such manner for a period of 3 years from 18 July 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, at all times —

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

### **Application for bank licence or variation of condition as to banking business**

7.—(1) Subject to section 55S, a company which desires authority to carry on banking business in Singapore must apply in writing to the Authority for a bank licence under this section and must 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.

[5/2016; 1/2020]

(2) *[Deleted by Act 5 of 2016 wef 30/11/2018]*

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

[1/2020]

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

[1/2020]

(4A) Without limiting subsections (3) and (4), the conditions that may be imposed include —

- (a) a condition as to the type of banking business that may be carried out; and
- (b) a condition placing limits on the banking business that may be carried out.

[5/2016]

(5) The Authority must, 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 bank licence should not be so varied or revoked.

[1/2020]

(6) [*Deleted by Act 1 of 2020*]

(7) Any bank which fails to comply with any of the conditions of its bank 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.

[1/2020]

(8) A bank which desires to vary a condition mentioned in subsection (4A) in its bank licence must apply to the Authority in writing, and the application must be accompanied by such information as the Authority may require.

[5/2016; 1/2020]

(9) An application under subsection (1) or (8) must be accompanied by a non-refundable application fee of such amount as the Authority may, by notification in the *Gazette*, prescribe, which must be paid in the manner specified by the Authority.

[5/2016]

(10) Any person who provides any document or information in connection with an application under subsection (1) or (8), knowing or reckless that the document or information is false or misleading in a material particular, 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.

[5/2016]

### **Licence fees**

**8.—**(1) Every bank in Singapore must pay the 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 apply uniformly to those classes or categories.

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

### **Minimum capital requirements**

**9.—**(1) Subject to this Act, a company must not be granted a bank licence unless —

(a) where the company intends to carry on banking business in Singapore as a bank incorporated in Singapore, its paid-up capital is at least \$1,500 million or such other amount as may be prescribed, and its capital funds are at least that amount; or

(b) where the company intends to carry on banking business in Singapore through a branch or office located in Singapore, its head office capital funds are at least the equivalent of \$200 million.

[5/2016; 1/2020]

(2) Subject to subsection (2A), the paid-up capital and capital funds of a bank incorporated in Singapore must be denominated in Singapore dollars or any currency approved by the Authority, and must be in ordinary shares.

[5/2016]

(2A) Any amount of paid-up capital or capital funds of a bank incorporated in Singapore above the amount mentioned in

subsection (1)(a) may be denominated in any currency, and may be in any type of shares.

[5/2016]

(3) A bank incorporated in Singapore must 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.

(3A) A bank must at all times maintain —

(a) if it is a bank incorporated in Singapore, capital funds of at least the amount mentioned in subsection (1)(a); or

(b) if it is a bank incorporated outside Singapore, head office capital funds of at least the equivalent of the amount mentioned in subsection (1)(b).

[5/2016]

(4) Any bank which fails to comply with any requirement under subsection (2) or (3A) must immediately notify the Authority.

[5/2016]

(5) Where a bank fails to comply with any provision of this section, the Authority may, without affecting subsection (5A), by written notice 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 must comply with such directions.

[5/2016]

(5A) Any bank which fails to comply with —

(a) subsection (2), (3), (3A) or (4); or

(b) any restriction or suspension imposed by the Authority, or any direction of the Authority, under subsection (5),

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 of a day during which the offence continues after conviction.

[5/2016]

(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.

### **Capital requirements for qualifying subsidiaries**

**9A.**—(1) Despite section 9, a company incorporated in Singapore which is a qualifying subsidiary may be granted a bank licence under section 7 if its paid-up capital is at least \$100 million.

[5/2016; 1/2020]

(2) A bank which is a qualifying subsidiary must 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.

(3) A bank which is a qualifying subsidiary must maintain capital funds of at least \$100 million unless the Authority approves otherwise.

(3A) Subject to subsection (3B), the paid-up capital and capital funds of a bank which is a qualifying subsidiary must be denominated in Singapore dollars or any currency approved by the Authority, and must be in ordinary shares.

[5/2016]

(3B) Any amount of paid-up capital or capital funds of a bank which is a qualifying subsidiary above the amount mentioned in subsection (1), or such other amount as may be prescribed by the Authority in substitution, may be denominated in any currency, and may be in any type of shares.

[5/2016]

(4) [*Deleted by Act 1 of 2020*]

(5) Any bank which fails to comply with any requirement under subsection (3) or (3A) must immediately notify the Authority.

[5/2016]

(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 affecting subsection (6A), by written notice 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 must comply with such directions.

[5/2016]

(6A) Any bank which fails to comply with —

- (a) subsection (2), (3), (3A) or (5); or
- (b) any restriction or suspension imposed by the Authority, or any direction of the Authority, under subsection (6),

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 of a day during which the offence continues after conviction.

[5/2016]

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

### **Risk-based capital requirements**

**10.**—(1) The Authority may, by written notice, 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.



(2) The Authority may, by written notice to any bank incorporated in Singapore or any class of banks incorporated in Singapore, impose capital adequacy requirements on them.

[5/2016]

(2A) Without limiting subsection (2), a notice under that subsection may prescribe —

- (a) the appropriate level (which may be expressed in the form of a ratio) and quality of capital that is commensurate with the type, amount and concentration of risk of the bank or class of banks;
- (b) the manner and process for calculating the level or quality of capital of each bank;
- (c) the internal processes of each bank in assessing the adequacy of its level and quality of capital, having regard to the risks arising from the activities of the bank and such other factors as the Authority considers relevant;
- (d) the reports to be submitted by each bank; and
- (e) restrictions on the distributions by a bank of dividends, bonuses, commissions, payments as a result of a buyback of shares, and any other payment, in the event that it fails to maintain the level or quality of capital prescribed under paragraph (a).

[5/2016]

(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 any capital adequacy requirement imposed by a notice under subsection (2) on that bank.

[5/2016]

(4) Without affecting subsection (5), the Authority may restrict or suspend the operations of a bank which fails to comply with a notice under subsection (1) or (2).

[5/2016]

(5) A bank which fails to comply with —

- (a) a notice under subsection (1) or (2); or

- (b) any restriction or suspension imposed by the Authority under subsection (4),

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 of a day during which the offence continues after conviction.

[5/2016]

### **Leverage ratio requirement**

**10A.**—(1) The Authority may, by written notice, require any bank incorporated in Singapore or any class of banks incorporated in Singapore, to maintain a minimum leverage ratio of a specified percentage, and to carry out other acts relating to this.

[5/2016]

(2) Without limiting subsection (1), a notice under that subsection may —

- (a) specify the manner of and process for calculating the leverage ratio;
- (b) require the bank incorporated in Singapore or a bank within the class of banks incorporated in Singapore to report to the Authority —
  - (i) its leverage ratio; or
  - (ii) the manner in which and the process by which it calculates its leverage ratio; and
- (c) specify the manner in which and the times at which the bank incorporated in Singapore or a bank within the class of banks incorporated in Singapore must report to the Authority the matters mentioned in paragraph (b)(i) and (ii).

[1/2020]

(3) Where the Authority issues a notice under subsection (1) to a bank incorporated in Singapore or a class of banks incorporated in Singapore, the Authority may by that notice or another notice —

- (a) impose additional leverage ratio on the bank or class of banks;

- (b) impose restrictions on distributions by a bank of dividends, bonuses, commissions, payments as a result of a buyback of shares, and any other payment, in the event that the bank fails to comply with a requirement imposed under subsection (1); or
- (c) vary the requirements for different banks within that class 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.

[5/2016; 1/2020]

(4) Any bank which fails to comply with a notice under subsection (1) or (3) 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 of a day during which the offence continues after conviction.

[5/2016]

(5) In this section and section 10B, “leverage ratio” means the ratio of the capital to the exposures of the bank.

[5/2016]

### **Public disclosure requirement**

**10B.**—(1) For the purposes of enhancing market discipline, the Authority may, by written notice to a bank in Singapore or a class of banks in Singapore, require —

- (a) the bank or each bank in the class to disclose to the public, in the form and manner specified by the Authority, any information relating to its operations and activities, and the manner it complies with any provision of this Act or a notice or direction issued under this Act; or
- (b) the bank or each bank in the class, if incorporated in Singapore, to disclose to the public, in the form and manner specified by the Authority, any information relating to the operations and activities of any entity in its bank group within the meaning of section 48AA.

[5/2016]

(2) Without limiting subsection (1), a notice under that subsection may require a bank to disclose one or more of the following information of the bank or an entity in the bank group of the bank (as the case may be):

- (a) its risk profile and risk management process;
- (b) aspects of its corporate governance;
- (c) its capital adequacy, including various components used to calculate its capital adequacy;
- (d) its leverage ratio;
- (e) the manner it complies with any requirement imposed on it under section 10C or 38 (if applicable);
- (f) the aggregation of —
  - (i) its assets, liabilities, profits or losses, and any other information whether or not on its balance sheet; and
  - (ii) the assets, liabilities, profits or losses, and any other information whether or not on the balance sheet or balance sheets, of all or any of its related corporations, and the entities in which it holds, directly or indirectly, a major stake as defined in section 32(7).

[5/2016; 1/2020]

(3) Any bank which fails to comply with a notice 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 of a day during which the offence continues after conviction.

[5/2016]

(4) Any bank which, in purported compliance with a notice under subsection (1), provides to the public any information, knowing or reckless that the information 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 \$250,000.

[5/2016]

(5) Where a bank is guilty of an offence under subsection (3) or (4), any individual charged with the duty of securing the bank's compliance with the notice and was in the position to discharge that duty, shall also be guilty of an offence and shall be liable on conviction —

- (a) if the individual committed the offence wilfully, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or
- (b) if the individual did not commit the offence wilfully, to a fine not exceeding \$125,000.

[5/2016]

### **Stable funding requirement**

**10C.**—(1) The Authority may, by written notice, require any bank in Singapore or any class of banks in Singapore —

- (a) to maintain any of the following:
  - (i) a minimum stable funding ratio;
  - (ii) a minimum amount of stable funds; and
- (b) to carry out other acts relating to a requirement mentioned in paragraph (a).

[1/2020]

(2) Without limiting subsection (1)(b), a notice under that subsection may —

- (a) specify the manner of and process for calculating the stable funding ratio or the amount of stable funds;
- (b) require the bank in Singapore or a bank within the class of banks in Singapore to report to the Authority —
  - (i) its stable funding ratio;
  - (ii) its amount of stable funds; or
  - (iii) the manner in which and the process by which it calculates its stable funding ratio or its amount of stable funds; and

- (c) specify the manner in which and the times at which the bank in Singapore or a bank within the class of banks in Singapore must report to the Authority the matters mentioned in paragraph (b)(i), (ii) and (iii).

[1/2020]

(3) Where the Authority issues a notice under subsection (1) to a class of banks in Singapore, the Authority may by another notice, vary the requirements for different banks within that class, having regard to the risks arising from the activities of the bank, the systemic impact of the bank on the financial sector and any other factors that the Authority considers relevant.

[1/2020]

(4) Without limiting subsection (5)(a) or (b), the Authority may restrict or suspend the operations of a bank which fails to comply with a notice under subsection (1) or (3).

[1/2020]

(5) Any bank which fails to comply with —

- (a) a notice under subsection (1);
- (b) a notice under subsection (3); or
- (c) any restriction or suspension imposed under subsection (4),

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 of a day during which the offence continues after conviction.

[1/2020]

(6) In this section —

“stable funding ratio” means the ratio of the amount of funds expected to be available to the bank to fund its assets and exposures (whether or not those assets and exposures are on its balance sheet) during a given period to the amount of funds expected to be required by the bank to fund its assets and exposures (whether or not those assets and exposures are on its balance sheet) during that period;

“stable funds” means the amount of funds expected to be available to the bank to fund its assets and exposures (whether or not those assets and exposures are on its balance sheet) during a given period.

[1/2020]

**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 bank licence under section 7(3) may, within 30 days of the decision of the Authority, appeal in writing to the Minister whose decision is final and must be given effect to by the Authority.

[1/2020]

**New place of business and change of location of existing place of business**

**12.—**(1) Except with the approval of the Authority, a bank must not —

- (a) open a new place of business in Singapore for the conduct of any business mentioned in subsection (2);
- (b) change the location of an existing place of business in Singapore for the conduct of any business mentioned in subsection (2); or
- (c) conduct any business mentioned in subsection (2) from the new place of business mentioned in paragraph (a) or the relocated place of business mentioned in paragraph (b).

[5/2016]

(2) Subsection (1) applies to the following businesses:

- (a) the dispensing or acceptance of money on account;
- (b) the conduct of other banking business;
- (c) such business mentioned in section 30(1)(b) to (e) as may be prescribed.

[5/2016]

(3) Except with the approval of the Authority, a bank incorporated in Singapore must not open a new branch, agency or office in a place outside Singapore.

[5/2016]

(4) An application for approval under subsection (1) or (3) must be made in such form and manner as the Authority may specify.

[5/2016]

(5) On receiving an application, the Authority may —

- (a) approve the application, with or without conditions; or
- (b) reject the application.

[5/2016]

(6) The Authority may at any time vary or revoke any existing condition, or impose conditions or additional conditions.

[5/2016]

(7) A bank which contravenes subsection (1) or (3), or fails to comply with any condition imposed under subsection (5) or (6), 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 of a day during which the offence continues after conviction.

[5/2016]

### **Fees to be paid in respect of branches of banks**

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

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

### **Registration of representative office**

**13A.**—(1) A person must not establish or operate a representative office in Singapore that is not registered with the Authority.

[5/2016]

(2) Any person who desires to establish or operate a representative office must —

- (a) apply in writing to the Authority for registration of the office;



- (b) provide such information or documents as the Authority may require; and
- (c) pay the Authority in the manner specified by the Authority, a non-refundable fee of such amount as the Authority may, by notification in the *Gazette*, prescribe.

[5/2016]

(3) On receiving an application under subsection (2), the Authority is to consider the application, and may register the representative office, with or without conditions, or refuse to register the representative office.

[5/2016]

(4) The Authority may at any time vary or revoke any existing condition of registration, or impose conditions or additional conditions of registration.

[5/2016]

(5) A registered person must provide such information or documents in relation to its representative office as the Authority may require from time to time, within such time as the Authority may specify.

[5/2016]

(6) The Authority may cancel the registration of a representative office if the registered person contravenes —

- (a) any condition of registration imposed by the Authority; or
- (b) any provision of this Act.

[5/2016]

(7) Any person who contravenes subsection (1) or (5), fails to comply with any condition of registration imposed by the Authority under subsection (3) or (4), or operates a representative office which has had its registration cancelled by the Authority under subsection (6), 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 of a day 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 of a day during which the offence continues after conviction.

[5/2016]

(8) Any person who provides any document or information under subsection (2)(b) or (5), knowing or reckless that the document or information is false or misleading in a material particular, 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.

[5/2016]

(9) Where —

- (a) before 30 November 2018, a person notifies the Authority in writing of the person's intention to establish a representative office in Singapore; and

(b) either —

(i) before that date; or

(ii) if before that date the Authority, on the person's request, set a later date for the person to establish and commence operating the representative office in Singapore, by that later date,

the person established and commenced operating the representative office in Singapore,

then that representative office is taken to be registered under this section for the purposes of the establishment (if applicable) and operation of that representative office in Singapore on or after the firstmentioned date.

[5/2016]

(10) A registration under subsection (9) is subject to such conditions as the Authority may at any time by written notice impose on the person mentioned in that subsection.

[5/2016]

(11) Subsections (4) to (8) apply in relation to a representative office that is taken as registered under subsection (9).

[5/2016]

## **Mergers**

**14.—**(1) A bank incorporated in Singapore must 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.

(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.

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

(3) Without limiting subsection (1), for the purposes of this section, a bank is 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.

(4) Any person who contravenes subsection (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

[5/2016]

(5) Any person who in purported compliance with any requirement under subsection (2A), provides any information, knowing or reckless that the information is false or misleading in a material particular, 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.

[5/2016]

### **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.

(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.

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

(4) A certificate of approval issued under subsection (1) has 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 is to take effect on and from the date of lodgment.

(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 mentioned in paragraph (b).

(6) Where a certificate of approval is issued under subsection (1) merging the banks, those banks must 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.

(7) To avoid doubt, it is declared that sections 210 and 212 of the Companies Act 1967 do not apply to the banks which have jointly applied for a certificate of approval under subsection (1).

### **Condition for issue of certificate of approval**

**14B.**—(1) The Minister must 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.

(2) Nothing in this Act is to 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 is final and must not be called in question in any court.

### **Effect of merger**

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

### **Application and interpretation of sections 15A to 18**

**15.**—(1) This section and sections 15A to 18 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.

(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 meaning given by section 4(1) of the Companies Act 1967.

### **Control of substantial shareholdings in designated financial institutions**

**15A.**—(1) A person must not, on or after 18 July 2001, become a substantial shareholder of a designated financial institution without first obtaining the approval of the Minister.

(2) Subject to section 15C(4), a person who, immediately before 18 July 2001, is a substantial shareholder of a designated financial institution must not continue to be such a shareholder unless the person has, within 6 months after 18 July 2001 or such longer period as the Minister may allow, applied to the Minister for approval to continue to be such a shareholder.

(3) A person must not, on or after 18 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.

(4) Subject to section 15C(4), a person who, at any time before 18 July 2001, has entered into any agreement or arrangement mentioned in subsection (3) must not continue to be a party to such an

agreement or arrangement unless the person has, within 6 months after 18 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.

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

- (a) is deemed to have an interest in that share under section 7 of the Companies Act 1967; or
- (b) 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 1967.

### **Control of shareholdings and voting power in designated financial institutions**

**15B.**—(1) A person must not, on or after 18 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.

(2) Subject to section 15C(4), a person who, immediately before 18 July 2001, is —

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

of a designated financial institution must not continue to be such a controller unless the person has, within 6 months after 18 July 2001 or such longer period as the Minister may allow, applied to the Minister for approval to continue to be such a controller.

(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 the person’s associates —

- (a) holds at least 12% of the total number of issued shares in the designated financial institution; or
- (b) is in a position to control voting power of at least 12% in the designated financial institution;

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

- (a) holds at least 20% of the total number of issued shares in the designated financial institution; or
- (b) is in a position to control voting power of at least 20% in the designated financial institution.

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

- (a) a person holds a share if —
  - (i) the person is deemed to have an interest in that share under section 7(6) to (10) of the Companies Act 1967; or
  - (ii) the person 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 1967;
- (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, stepson or stepdaughter or a brother or sister, of *B*;
  - (ii) *A* is a body corporate that is, or a majority of 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 *B*;



- (iii) [*Deleted by Act 35 of 2014*]
- (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) *A* is a subsidiary of *B*;
- (vi) [*Deleted by Act 35 of 2014*]
- (vii) *A* is a body corporate in which *B*, alone or together with other associates of *B* as described in paragraphs (ii), (iv) and (v), is in a position to control at least 20% of the voting power in *A*; or
- (viii) [*Deleted by Act 35 of 2014*]
- (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.

[35/2014]

(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 —

- (c) who is a director or other officer of the designated financial institution whose appointment has been approved by the Authority; or

- (d) 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 the person in the person's professional capacity.

### **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.

(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.

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

(3) Any condition imposed under subsection (2) has effect despite any of the provisions of the Companies Act 1967 or anything contained in the memorandum or articles of association of the designated financial institution.

(4) Where the Minister disapproves an application made by any person under section 15A(2) or (4) or 15B(2), the person must, 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.

(5) Despite the repeal of sections 15, 16 and 17 in force immediately before 18 July 2001, the following approvals granted by the Authority before that date continue and are deemed to be approvals granted by the Minister under this section, subject to such additional conditions as the Minister may at any time by written notice, impose:

- (a) any approval or condition imposed in relation thereto under the repealed section 15(2) is 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) is 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);
- (c) any approval or condition imposed in relation thereto under the repealed section 17(1) is 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).

**Power to exempt and make further transitional provisions**

**15D.** The Minister may, by order 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 the Minister considers necessary or expedient for the purposes of section 15A, 15B or 15C.

**Objection to existing control of designated financial institutions, and notification of Authority of contravention, etc.**

**15E.—**(1) The Minister may serve a written notice of objection on any person mentioned 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 provided any false or misleading information or document in connection with an application under section 15A or 15B; or

(iv) the Minister would not have granted the Minister's approval under section 15C had the Minister 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.

[5/2016]

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

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

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

- (a) take such steps as are necessary to ensure that the person 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.

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

(6) A designated financial institution must immediately inform the Authority after the institution becomes aware that —

- (a) a person has contravened section 15A(1) or (3) or 15B(1) in relation to the institution;
- (b) a person is, in accordance with the Guidelines on Fit and Proper Criteria, not a fit and proper person to be a substantial shareholder, a 12% controller, a 20% controller or an indirect controller of the institution; or
- (c) the institution is not likely to be able to conduct its business prudently or to comply with the provisions of this Act having regard to the likely influence over the institution of a substantial shareholder, a 12% controller, a 20% controller or an indirect controller of the institution.

[5/2016]

(7) A designated financial institution which fails to comply with subsection (6) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

[5/2016]

(8) In this section, “12% controller”, “20% controller” and “indirect controller” have the meaning given to those expressions in section 15B.

[5/2016]

### **Power to make directions**

**16.**—(1) Without affecting 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 written notice —

- (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 the person’s associates (called in this section 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.

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

(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) despite any of the provisions of the Companies Act 1967 or the Insolvency, Restructuring and Dissolution Act 2018 or anything contained in the memorandum or articles of association of the designated financial institution —

- (a) voting rights are not exercisable in respect of the specified shares unless the Minister expressly permits such rights to be exercised;
- (b) shares of the designated financial institution must not 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, payment must not 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.

[40/2018]

(4) In this section, “associate” has the meaning given by section 15B(4)(c).

### **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 of

a day 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 of a day during which the offence continues after conviction.

(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 of a day 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 of a day during which the offence continues after conviction.

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

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

(4) Where a person is charged with an offence in respect of a contravention of section 15B(1), it is also a defence for the person to prove that, even though the person 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 the person's associates described in section 15B(4)(c)(i);
- (b) the person 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) the person has, within 14 days of the date of the contravention, notified the Minister of the contravention and, within such time determined by the Minister, taken such action in relation to the person's shareholding or control of the voting power in the designated financial institution as the Minister may direct.

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

### **Power of Authority to obtain information**

**18.—**(1) The Authority may, by written notice, 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 that shareholder holds the share as trustee, to indicate as far as that shareholder can, the person for whom that shareholder holds the share (either by name or by other

particulars sufficient to enable that person to be identified) and the nature of that person's interest,

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

(2) The Authority may, by written notice, 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 the shareholder or the person holds that interest as beneficial owner or as trustee, and if the shareholder or the person holds the interest as trustee, to indicate as far as the shareholder or the person can, the person (*A*) for whom the shareholder or the person holds the interest (either by name or by other particulars sufficient to enable *A* to be identified) and the nature of *A*'s 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 must comply with that notice within such time as may be specified therein.

(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 provides any information or document that is false or misleading in a material particular,

shall be guilty of an offence.

(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 of a day 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 of a day during which the offence continues after conviction.

(5) Where a person claims, before providing any information to a designated financial institution under subsection (1) or to the Authority under subsection (2), that the information might tend to incriminate the person, the information is not admissible in evidence against the person in criminal proceedings, other than proceedings for an offence under section 17 or this section.

[5/2016]

### **Amendment of bank's constitution**

**19.—**(1) Every bank incorporated in Singapore must, 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, provide to the Authority particulars in writing of the proposed amendment or alteration.

(2) Every bank whether incorporated inside or outside Singapore must, 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, provide 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 or part of a day during which the offence continues after conviction.

[5/2016]

### **Revocation of bank licence**

**20.—(1)** The Authority may by order revoke a bank licence —

- (a) if the Authority is satisfied that the bank holding that bank licence —
  - (i) has ceased to transact banking business in Singapore;
  - (ii) has provided information or documents to the Authority in connection with its application for a bank licence which is or are false or misleading in a material particular;
  - (iii) if it is a bank incorporated outside Singapore, has had its bank 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 or has contravened any provision 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;
  - (viii) is contravening or 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

- (ix) is contravening or has contravened any provision of the Monetary Authority of Singapore Act 1970 or any direction issued by the Authority under that Act;
- (b) if, upon the Authority exercising any power under section 49(2) or the Minister exercising any power under Division 2, 3, 4 or 4A of Part 4B of the Monetary Authority of Singapore Act 1970 in relation to the bank, the Authority considers that it is in the public interest to revoke the bank licence;
- (c) where the bank holding the licence is a foreign-owned bank incorporated in Singapore, if the parent supervisory authority of the bank has withdrawn the licence or authority to operate of the parent bank of the bank; or
- (d) if the Authority is satisfied that it is in the public interest to do so.

*[15/2011; 10/2013; 31/2017; 1/2020]*

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

- (a) cause to be given to the bank concerned written notice of its intention to do so, specifying a date, at least 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 bank licence should not be revoked.

*[1/2020]*

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

*[1/2020]*

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

[40/2019; 1/2020]

(5) An order of revocation made by the Authority does not take effect until the end 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 General Division of the High Court, the order does not take effect unless the order is confirmed by the General Division of the High Court or the appeal is for any reason dismissed by the General Division of the High Court.

[40/2019]

(7) The making of an appeal by a bank under this section in no way affects 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, 4 or 4A of Part 4B of the Monetary Authority of Singapore Act 1970, in relation to the bank.

[10/2013; 31/2017]

### **Effect of revocation of bank licence**

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

- (a) notice of the revocation must be published in the *Gazette*; and
- (b) the bank must, 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.

[1/2020]

(2) Subsection (1)(b) does not affect 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 4

RESERVE FUNDS, DIVIDENDS, BALANCE SHEETS  
AND INFORMATION

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

**Maintenance of adequate provision for bad and doubtful debts**

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

24. *[Repealed by Act 23 of 2001]*

**Publication and exhibition of audited accounts**

25.—(1) Every bank must 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.

*[1/2020]*

(1A) The Authority may, by regulations made under section 78(1), require a bank or class of banks to make available, within a reasonable time, to any person upon the person's request —

- (a) copies of the statements mentioned in subsection (1)(a); and
- (b) a document containing —
  - (i) the full and correct names of all persons who are directors for the time being of the bank;

- (ii) the names of all subsidiary companies for the time being of the bank; and
- (iii) any additional information that the bank is required to publish under subsection (4).

[1/2020]

(2) Every bank must, within 5 months after the close of each financial year or within such period as the Authority may approve, publish in such manner 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 written notice.

[1/2020]

(3) In the case of a bank incorporated outside Singapore, the statements mentioned 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.

(4) The Authority may, by written notice, require a bank to publish in addition to its balance sheet and profit and loss account under subsection (2) such additional information as the Authority thinks fit.

[1/2020]

(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 or part of a day during which the offence continues after conviction.

[5/2016]

### **Information to be provided by banks**

**26.**—(1) Every bank must provide 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.

(2) Every bank must 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) in the case of —

(A) a bank incorporated in Singapore, a copy of its latest audited financial statements as may be required to be laid at its annual general meeting under section 201 of the Companies Act 1967; or

(B) a bank incorporated outside Singapore, 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 the Authority may determine; 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 explanation, amplification or otherwise with regard to any of the balance sheets and profit and loss accounts sent under paragraph (a) or (b).

[35/2014]

(3) In the case of a bank incorporated outside Singapore, the statements mentioned in subsection (2)(a)(i)(B), (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.

[35/2014]

(4) The Authority may 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 1967 which complies, insofar as it is practicable, with section 207 of that Act.

(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 must be treated as secret by the Authority.

(6A) Nothing in subsection (6) precludes 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;
- (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;
- (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; or

(f) the disclosure of the information is required under any written law.

[5/2016]

(6B) Nothing in subsection (6) prevents the Authority from disclosing any information received from a bank under this section if the disclosure is pursuant to an order of court in Singapore.

[5/2016]

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

(8) Any bank which contravenes subsection (1) or (2) or a requirement of the Authority under subsection (5) 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 of a day during which the offence continues after conviction.

[5/2016]

(9) Any bank which in purported compliance with this section provides any information to the Authority, knowing or reckless that the information 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 \$250,000.

[5/2016]

(10) Where a bank is guilty of an offence under subsection (8) or (9), any individual charged with the duty of securing the bank's compliance with the subsection or requirement, and was in the position to discharge that duty, shall also be guilty of an offence and shall be liable on conviction —

(a) if the individual committed the offence wilfully, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or

(b) if the individual did not commit the offence wilfully, to a fine not exceeding \$125,000.

[5/2016]

(11) Any bank which fails to take reasonable care that any information provided to the Authority in purported compliance

with this section is accurate, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

[5/2016]

### **Information on exposures, etc., to related parties**

**27.—(1)** The Authority may, by written notice, require any bank in Singapore or a bank within any class of banks in Singapore —

- (a) to prepare a statement in respect of each period of a duration specified by the Authority, in the form specified by the Authority, showing as at the end of that period —
  - (i) all the credit facilities, or all the credit facilities of a specified type, from the bank or any branch or entity in its bank group to any person, branch, entity or head office set out in subsection (2);
  - (ii) all the exposures, or all the exposures of a specified type, of the bank or any branch or entity in its bank group to any person, branch, entity or head office set out in subsection (2); and
  - (iii) all the transactions, or all the transactions of a specified type, of the bank or any branch or entity in its bank group with any person, branch, entity or head office set out in subsection (2); and
- (b) to carry out other acts relating to a requirement mentioned in paragraph (a).

[1/2020]

(2) The persons, branches, entities or head offices mentioned in subsection (1) are the following:

- (a) any person in a director group of the bank;
- (b) in the case of a bank incorporated in Singapore, any person in a substantial shareholder group of the bank;
- (c) any entity in a major stake entity group of the bank;
- (d) any branch, entity or head office in a related corporation group of the bank;
- (e) any person in a senior management group of the bank;

- (f) any person in a key credit approver group of the bank;
- (g) any person in which any of the directors of the bank has a direct or indirect interest, as declared under section 28 (other than credit facilities, exposures or transactions particulars of which have already been supplied under this section);
- (h) any person whose duties or interests are in conflict with the interests of the bank, as determined by the bank in accordance with a manner and process specified by the Authority by written notice to the bank;
- (i) any person specified by the Authority by written notice to the bank whose duties or interests are, in the opinion of the Authority, in conflict with the interests of the bank;
- (j) any other person or class of persons that is prescribed.

[1/2020]

(3) Without limiting subsection (1)(b), a notice under that subsection may —

- (a) specify the manner in which and process by which any exposure is to be measured or aggregated;
- (b) require that a statement prepared for the purpose of subsection (1)(a) describes the manner in which and the process by which the bank calculated the exposures shown in that statement; and
- (c) require that a statement prepared for the purpose of subsection (1)(a) be accompanied by any document (including a legal opinion or a contract) relating to any credit facility, exposure or transaction shown in the statement.

[1/2020]

(4) A statement under subsection (1)(a) —

- (a) must be prepared within the period specified by the Authority by written notice, after the period in respect of which it is to be prepared;

(b) must —

- (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) must be submitted to the Authority within 7 days after 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.

[1/2020]

(5) Any bank which fails to comply with subsection (4)(a), (b) or (c) 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 of a day during which the offence continues after conviction.

[1/2020]

(6) In this section, “bank group”, “director”, “director group”, “exposure”, “key credit approver group”, “major stake entity group”, “related corporation group”, “senior management group”, “substantial shareholder group” and “transaction” have the meanings given in the Fifth Schedule.

[1/2020]

### **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 must as soon as practicable declare the nature of the director’s interest to the board of directors of that bank and the secretary of that bank must cause the declaration to be circulated immediately to all the directors.

(2) The requirements of subsection (1) do 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.

(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 the director 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 the director 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, is 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 the director's interest in that company, firm or limited liability partnership;
- (b) the director's 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.

(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 the director's duties or interest as director must declare at a meeting of the directors of that bank the fact and the nature, character and extent of the conflict.

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

- (a) after the person becomes a director of the bank; or
- (b) if already a director, after the person commences to hold the office or to possess the property, as the case may be.

- (6) The secretary of that bank must —
- (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.
- (8) In this section, “exposure” has the meaning given in the Fifth Schedule.

## PART 5

### PROHIBITED BUSINESS

#### **Exposures and credit facilities resulting in concentration risk**

**29.**—(1) The Authority may by written notice to any bank in Singapore, or any class of banks in Singapore, impose requirements that are necessary or expedient for the purposes of —

- (a) identifying any person or class of persons, where exposure of the bank, or a bank within the class of banks, to the person or class of persons may result in concentration risk to the bank; or
- (b) limiting the exposure of the bank, or a bank within the class of banks, to any person or class of persons, where the exposure may result in concentration risk to the bank.

[1/2020]

(2) Without limiting 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 manner in which and the process by which —
  - (i) any exposure is to be measured or aggregated; and
  - (ii) a person or class of persons mentioned in subsection (1)(a) or (b) is to be identified;
- (d) exclude any bank or class of banks from any requirement imposed under subsection (1);
- (e) vary any limit in a particular case;
- (f) require the bank in Singapore or a bank within the class of banks in Singapore to report its exposures to the Authority; and
- (g) specify the manner in which and the times at which the bank in Singapore or a bank within the class of banks in Singapore must report its exposures to the Authority.

[1/2020]

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

(4) [*Deleted by Act 5 of 2016*]

(5) [*Deleted by Act 5 of 2016*]

(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 of a day during which the offence continues after conviction.

(7) In this section, “exposure” has the meaning given in the Fifth Schedule.

[1/2020]

### **Credit facilities, exposures and transactions that may result in conflict of interest**

**29A.**—(1) The Authority may by written notice to any bank in Singapore, or any class of banks in Singapore, impose requirements that are reasonably necessary for the purposes of monitoring and controlling the risk of conflict between the interests of the bank in

Singapore or a bank within the class of banks in Singapore, and the interests of any person, branch, entity or head office mentioned in section 27(2)(a), (b), (c), (d), (e), (f), (h), (i) or (j), by —

- (a) identifying any credit facility from the bank or any branch or entity in its bank group to, any exposure of the bank or any branch or entity in its bank group to, or any transaction of the bank or any branch or entity in its bank group with, any person, branch, entity or head office mentioned in section 27(2)(a), (b), (c), (d), (e), (f), (h), (i) or (j); or
- (b) monitoring, limiting or restricting the credit facilities, exposures and transactions mentioned in paragraph (a).

[1/2020]

(2) For the purposes of subsection (1), the reference to the risk of conflict between —

- (a) the interests of the bank in Singapore or a bank within the class of banks in Singapore; and
- (b) the interests of any branch or head office mentioned in section 27(2)(d),

is a reference to the risk of conflict between —

- (c) interests relating to the business of the bank in Singapore; and
- (d) interests relating to the business carried out through the branch or head office.

[1/2020]

(3) Without limiting subsection (1), a notice under that subsection may —

- (a) specify the manner in which and the process by which the bank may grant any credit facility to, create any exposure to, or enter into any transaction with, a person, branch, entity or head office mentioned in section 27(2)(a), (b), (c), (d), (e), (f), (h), (i) or (j);
- (b) specify the terms and conditions under which the bank may grant any credit facility to, create any exposure to, or enter into any transaction with, a person, branch, entity or head

office mentioned in section 27(2)(a), (b), (c), (d), (e), (f), (h), (i) or (j), including the terms and conditions on which such credit facility, exposure or transaction may be terminated or avoided;

- (c) specify the manner in which and the process by which a credit facility, exposure or transaction mentioned in subsection (1)(a) is to be identified;
- (d) specify the manner in which and the process by which credit facilities, exposures or transactions mentioned in subsection (1)(a) are to be monitored;
- (e) specify the policies and procedures that a bank must implement in relation to credit facilities, exposures or transactions mentioned in subsection (1)(a); and
- (f) specify the manner in which and the process by which the bank is to determine whether a person, branch, entity or head office is a person, branch, entity or head office mentioned in section 27(2)(a), (b), (c), (d), (e), (f), (h), (i) or (j).

[1/2020]

(4) If it appears to the Authority that any credit facility from a bank in Singapore to, any exposure of a bank in Singapore to, or any transaction of a bank in Singapore with, any person, branch, entity or head office mentioned in subsection (5) is detrimental to the interests of the depositors of the bank, the Authority may by written notice to the bank —

- (a) direct the bank to —
  - (i) secure repayment of the credit facility;
  - (ii) reduce or eliminate the exposure; or
  - (iii) terminate the transaction;
- (b) prohibit the bank from granting any credit facility to, creating any exposure to, or entering into any transaction with, the person, branch, entity or head office; or

- (c) impose restrictions on the grant of any credit facility to, the creation of any exposure to, or the entry into any transaction with, the person, branch, entity or head office.

[1/2020]

(5) The persons, branches, entities and head offices mentioned in subsection (4) are the following:

- (a) any person, branch, entity or head office mentioned in section 27(2)(a), (b), (c), (d), (e), (f), (g), (h), (i) or (j);
- (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 officer of the bank (other than a director of the bank), where the aggregate value of the credit facilities from the bank to that officer, exposures of the bank to that officer and transactions of the bank with that officer exceed one year's emoluments of that officer;
- (f) any employee of the bank (other than a director of the bank), where the aggregate value of the credit facilities from the bank to that employee, exposures of the bank to that employee and transactions of the bank with that employee exceed one year's emoluments of that employee;
- (g) any person who receives remuneration from the bank (other than a director, officer or employee of the bank or a person who receives remuneration for professional services rendered to the bank), where the aggregate value of the credit facilities from the bank to that person, exposures of the bank to that person and transactions of the

bank with that person exceed one year's emoluments of that person.

[1/2020]

(6) Any bank which fails to comply with any requirement imposed under subsection (1) or (4) 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 of a day during which the offence continues after conviction.

[1/2020]

(7) In this section, “bank group”, “director”, “exposure”, and “transaction” have the meanings given in the Fifth Schedule.

[1/2020]

### **Businesses which banks in Singapore may carry out**

**30.—**(1) A bank in Singapore must not 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;
- (e) any other business as the Authority may approve for the purposes of this section, subject to such conditions as the Authority may impose.

[5/2016]

(2) Nothing in this section —

- (a) prevents a bank from holding any equity investment in a company in accordance with section 31; or

- (b) is to 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.

(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 of a day during which the offence continues after conviction.

### **Limit on equity investments**

**31.—**(1) A bank incorporated in Singapore must not 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.

[1/2020]

(1A) A bank incorporated outside Singapore must not, through a branch or office located within Singapore, acquire or hold any equity investment in a single company, the value of which exceeds in the aggregate —

- (a) any limit prescribed by the Authority; or
- (b) any limit specified by the Authority in a particular case by written notice to that branch or office.

[1/2020]

(2) This section does 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.

- (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.

(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 of a day during which the offence continues after conviction.

(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.

### **Major stake in entity**

**32.—**(1) A bank in Singapore must not acquire or hold, directly or indirectly, a major stake in any entity without the prior approval of the Authority.

[5/2016]

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

[5/2016]

(3) Despite subsection (2), the Authority may, in a particular case that comes within that subsection, grant its approval if it is satisfied that approval should be granted by reason of the exceptional circumstances of the case.

[5/2016]

(3A) An approval of the Authority under this section may be subject to such conditions as the Authority may determine, including any condition relating to the operations or activities of the entity concerned.

[5/2016]

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

(4) This section does 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.

(5) The Authority may, by regulations —

- (a) disapply this section to any entity or class of entities, 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 mentioned in the definition of “major stake” in subsection (7) that is acquired or held, directly or indirectly, by an entity in which a bank has, directly or indirectly, a major stake is to be treated as acquired or held by the bank.

[5/2016]

(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 of a day during which the offence continues after conviction.

(7) In this section —

“company” means a company incorporated under the Companies Act 1967 or any corresponding previous written law, or a company incorporated outside Singapore;

“entity” means any body corporate or unincorporate, whether incorporated, formed or established in or outside Singapore;



“limited liability partnership” has the meaning given by section 2(1) of the Limited Liability Partnerships Act 2005, and includes a limited liability partnership formed or established outside Singapore;

“major stake”, in relation to an entity, means —

- (a) any beneficial interest exceeding 10% of the total number of issued shares or such other measure corresponding to shares in a company as may be prescribed;
- (b) control of over more than 10% of the voting power or such other measure corresponding to voting power in a company as may be prescribed; or
- (c) any interest in the entity, by reason of which the management of the entity is 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 entity;

“management”, in relation to an entity, means —

- (a) if the entity is a company, its directors;
- (b) if the entity is a limited liability partnership, its partners or managers;
- (c) if the entity is any other partnership, its partners;
- (d) if the entity is a cooperative society, the members of its committee of management; or
- (e) if the entity is any other society, its officers,

and includes such other person of the entity as the Authority may prescribe;

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

[5/2016]

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

### **Immovable property**

**33.—**(1) A bank incorporated in Singapore must not 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.

[1/2020]

(1A) A bank incorporated outside Singapore must not, through a branch or office located within Singapore, acquire or hold any interest in or rights over immovable property, wherever situated, the value of which exceeds in the aggregate —

- (a) any limit prescribed by the Authority; or
- (b) any limit specified by the Authority in a particular case by written notice to that branch or office.

[1/2020]

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

- (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 mentioned 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.

[1/2020]

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

(4) Any bank which contravenes subsection (1) or (1A) 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 of a day during which the offence continues after conviction.

[1/2020]

### **Grace period for sections 30 to 33**

**34.—**(1) Despite sections 30 to 33, where any business was carried on, or any property or investment was held, by a bank in Singapore immediately before 18 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 18 July 2001.

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

(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.

(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 mentioned in subsection (1) by the end of the period mentioned in that subsection or the further period mentioned in subsection (2).

**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.

(2) Without limiting subsection (1), the regulations may —

- (a) prescribe a limit (called in this section 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 of a day during which the offence continues after conviction.

**36.** [*Repealed by Act 5 of 2016*]

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

## PART 6

## MINIMUM ASSET REQUIREMENTS

**Liquid assets requirement**

**38.**—(1) The Authority may, from time to time, by written notice 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.

[5/2016]

(1A) For the purposes of subsection (1), the Authority may impose different requirements for different types of liquid assets.

[5/2016]

(2) Without limiting 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.

(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.

(3) Whenever the Authority issues a notice under subsection (1), each bank must be allowed such period of grace, being at least 3 business days, as may be specified in the notice, in which to comply with its provisions.

(4) A bank must 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.

(5) [*Deleted by Act 5 of 2016*]

(6) The Authority may by written notice require each bank in Singapore to render such returns as the Authority considers necessary for the implementation of this section.

(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 1970, even if this may result in the bank failing to comply with any requirement imposed under subsection (1).

(6B) Despite 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.

(6C) For the purposes of subsection (6B), the Authority may, from time to time, by written notice 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.

(6D) A bank must, 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).

(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 written notice to the bank —

- (e) 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
- (f) 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:
  - (i) 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;
  - (ii) direct the bank to cease utilising its liquid assets held for the purposes of subsection (1);
  - (iii) 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.

(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 of a day of such failure, a financial penalty in accordance with such formula as the Minister may, by order in the *Gazette*, prescribe.

(7A) A financial penalty collected by the Authority under subsection (7) must be paid into the Consolidated Fund.

[10/2013]

(8) To avoid doubt, for the purposes of subsections (4) and (7), a bank is to 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).

(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 of a day during which the offence continues after conviction.

(9) In this section —

“liquid assets” means any asset that can be easily sold or converted into cash at little or no loss in value, as specified in the notice mentioned in subsection (1);

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

[5/2016]

### **Minimum cash balances**

**39.**—(1) The Authority may, from time to time, by written notice 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.

(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.

(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.

(3) Any prescription of, or change in, the minimum reserve requirements under subsection (1) or (2) takes effect only after the



end of 30 days' notice to the banks of the Authority's intention to take such action.

(4) Where a bank (called in this section 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 must 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 mentioned in subsection (4), it is lawful, despite the provisions of any other written law, for the Authority to serve a written notice 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 must immediately comply with the requirements of that notice.

(6) No action shall lie against, and no liability shall attach to, any bank in Singapore that complies with the requirements of a notice mentioned 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.

(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 of a day of such failure, a financial penalty in accordance with such formula as the Minister may, by order in the *Gazette*, prescribe.

(7A) A financial penalty collected by the Authority under subsection (7) must be paid into the Consolidated Fund.

[10/2013]

(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).

(9) Any bank which fails to comply with any direction of the Authority under subsection (4) or (5) 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 of a day during which the offence continues after conviction.

[5/2016]

### **Use of minimum cash balances in liquidity stress situation**

**39A.**—(1) Despite section 39 but subject to subsection (6), a bank may utilise its minimum cash balances, if the bank —

- (a) is in a liquidity stress situation;
- (b) is solvent immediately before, and will remain solvent after, the utilisation of its minimum cash balances; and
- (c) is permitted by a notice under subsection (2) to utilise its minimum cash balances.

[5/2016]

(2) The Authority may, by written notice to any bank in Singapore or class of banks in Singapore, permit the bank or a bank within the class to use its minimum cash balances in the event that it is in a liquidity stress situation.

[5/2016]

(3) When deciding whether to issue a notice under subsection (2) to a bank or class of banks, the Authority may have regard to —

- (a) the risks arising from the activities of the bank or class of banks; and
- (b) such other factors as the Authority considers relevant.

[5/2016]

(4) The Authority may in a notice under subsection (2) impose on the bank or a bank within the class requirements in relation to the utilisation by the bank of its minimum cash balances, including —

- (a) the procedures which the bank must comply with before or after utilising, or during the utilisation of, its minimum cash balances; and

- (b) the manner in which the bank may utilise its minimum cash balances.

[5/2016]

(5) A bank that has purportedly used its minimum cash balances in a liquidity stress situation must, within such time as may be specified by the Authority, provide such information as the Authority may require concerning —

- (a) the liquidity stress situation and the utilisation of its minimum cash balances; or
- (b) the bank's compliance with any requirement imposed under subsection (4).

[5/2016]

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

- (a) a bank that has used or is about to use its minimum cash balance —
  - (i) is not in a liquidity stress situation;
  - (ii) has failed to comply with any requirement imposed under subsection (4); or
  - (iii) is or is likely to become insolvent or unable to meet its obligations, or is about to suspend payments; or
- (b) it is otherwise in the public interest to do so,

the Authority may by written notice to the bank direct the bank to do the applicable act or acts mentioned in subsection (7).

[5/2016]

(7) For the purposes of subsection (6), the acts are —

- (a) if the bank has already utilised its minimum cash balances, to comply with any requirement imposed under section 39(1) within such time as may be specified by the Authority in the notice; or
- (b) if the bank has not utilised or has not fully utilised its minimum cash balances, one or more of the following:
  - (i) not to use the bank's minimum cash balances;
  - (ii) to stop utilising the bank's minimum cash balances;

- (iii) to comply with any requirement imposed under section 39(1) within such time as may be specified by the Authority in the notice under subsection (6).  
[5/2016]

(8) A bank which fails to comply with any direction or requirement of the Authority under subsection (4), (5) or (6) 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 of a day during which the offence continues after conviction.

[5/2016]

- (9) In this section —

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

“minimum cash balances”, in relation to a bank, means its minimum cash balances maintained on deposit with the Authority under section 39.

[5/2016]

### **Asset maintenance requirement**

**40.**—(1) The Authority may, from time to time, by written notice to any bank in Singapore or any class of banks in Singapore, impose requirements in relation to the minimum amount or amounts of assets in Singapore that the bank or each bank in the class is to hold, for the purpose of meeting its liabilities.

[5/2016]

(2) Without limiting 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.

(3) Where the Authority issues a notice under subsection (1) to a class of banks, the Authority may impose different requirements on different banks, 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.

[5/2016]

(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 of a day during which the offence continues after conviction.

## PART 7

### POWERS OF CONTROL OVER BANKS, ETC.

[5/2016]

#### **Interpretation of this Part**

**40A.** In sections 44A, 47 and 55 —

“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 written notice;

“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.

[1/2020]

### **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.

(2) Subsection (1) does 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 loans and advances or investments 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

must be required and, in the case of letters of credit, the minimum or margin deposit;

- (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.

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

(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 mentioned in subsection (1) requiring that effect be given to the recommendation within a reasonable time, and the banks must 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 must 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 must 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 must 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) must comply with the direction under subsection (5).

### **Inspection of banks and their local subsidiaries**

**43.**—(1) The Authority may 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.  
[5/2016]

(2) The Authority may inspect under conditions of secrecy, the books of each subsidiary incorporated in Singapore of a bank incorporated in Singapore, not being a subsidiary that is regulated or licensed by the Authority under any other Act.  
[5/2016]

(3) To avoid doubt, this section, and sections 44A and 46 in relation to an inspection under this section, do not apply to any inspection by the Authority for a purpose mentioned in section 27C of the Monetary Authority of Singapore Act 1970.  
[31/2017]

### **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.

### **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 or subsidiary under inspection or investigation must —

- (a) produce its books to the Authority and afford the Authority access to them;



- (b) provide such information or facilities as may be required by the Authority to conduct the inspection or investigation; and
- (c) procure any person who is in possession of the books or information mentioned in paragraph (a) or (b) to produce the books or provide the information to the Authority.

[5/2016]

(2) The books mentioned in subsection (1) must 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 or subsidiary.

[5/2016]

(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.

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

(3B) The Authority may waive the payment of all or any part of the remuneration and expenses mentioned in subsection (3A).

[5/2016]

(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.

(5) Any bank or subsidiary 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 of a day during which the offence continues after conviction.

[5/2016]

(5A) Where the offence under subsection (5) is proved to have been committed with the consent of, or to be attributable to any negligence on the part of, an officer of the bank or subsidiary, that officer shall be guilty of an offence and shall be liable on conviction 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 of a day during which the offence continues after conviction.

[5/2016]

(6) In 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.

### **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).

(1A) Without limiting subsection (1), and subject to subsection (2), the inspection may be conducted in respect of any activity of the bank besides banking business.

[5/2016]

(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 has or does 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.

(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) must 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) must 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.

(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) applies 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.

(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) applies, with the necessary modifications, to any official of the parent supervisory authority as if the official is an officer of a bank.

(6) Any bank which, without reasonable excuse, refuses or neglects 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 of a day during which the offence continues after conviction.

(6A) To avoid doubt, this section, and section 46 in relation to an inspection under this section, do not apply to any inspection by a

parent supervisory authority of the books of any branch or office of a bank in Singapore, if —

- (a) the parent supervisory authority is an AML/CFT authority as defined in section 152 of the Monetary Authority of Singapore Act 1970, and exercises consolidated supervision authority as defined in that section over that bank; and
- (b) the inspection is solely for the purpose of such consolidated supervision.

[31/2017]

(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.

(8) Where the offence under subsection (6) is proved to have been committed with the consent of, or to be attributable to any negligence on the part of, an officer of the bank, that officer shall be guilty of an offence and shall be liable on conviction 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 of a day during which the offence continues after conviction.

[5/2016]

### **Confidentiality of inspection and investigation reports**

**46.**—(1) Where a written report or any part of the report (called in this section the report) has been produced in respect of any bank in Singapore or subsidiary incorporated in Singapore of a bank incorporated 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 must not be disclosed by the bank or subsidiary, or any officer or auditor of the bank or subsidiary, to any other person except in the circumstances provided under subsection (2).

[5/2016]

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

- (a) by the bank in Singapore or subsidiary incorporated in Singapore of a bank incorporated in Singapore to any officer or auditor of that bank or subsidiary solely in connection with the performance of the duties of the officer or auditor (as the case may be) in that bank or subsidiary;
- (b) by any officer or auditor of the bank in Singapore or subsidiary incorporated in Singapore of a bank incorporated in Singapore to any other officer or auditor of that bank or subsidiary, solely in connection with the performance of their duties in that bank or subsidiary;
- (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.

[5/2016]

(3) In granting written approval for any disclosure under subsection (2)(d), the Authority may impose such conditions or restrictions as it thinks fit on the bank, the subsidiary, any officer or auditor of the bank or subsidiary, or the person to whom disclosure is approved, and the bank, subsidiary, officer, auditor or person (as the case may be) must comply with those conditions or restrictions.

[5/2016]

(4) The obligation on an officer or auditor mentioned in subsections (1) and (3) continues after the termination or cessation of the officer's or auditor's employment or appointment at the bank or subsidiary.

[5/2016]

(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.

(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 the person in contravention of subsection (1) shall be guilty of an offence, unless the person proves that —

- (a) the disclosure was made contrary to the person's desire;
- (b) where the disclosure was made in any written form, the person has as soon as practicable surrendered or taken all reasonable steps to surrender the report and all copies of the report to the Authority; and
- (c) where the disclosure was made in an electronic form, the person 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 of the report in other forms have been surrendered to the Authority.

**46A.** [*Repealed by Act 1 of 2020*]

### **Inspection outside Singapore of subsidiaries of banks incorporated in Singapore**

**46B.**—(1) The Authority may, in a country or territory outside Singapore, from time to time, inspect under conditions of secrecy, the books of a subsidiary of a bank incorporated in Singapore.

[5/2016]

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

[5/2016]

(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 power of inspection.

[5/2016]

(4) If the inspection is carried out on the ground that the Authority has reason to believe that the subsidiary of the bank incorporated in Singapore is carrying on its business in a manner likely to be

detrimental to the interest of the depositors and other creditors of the bank and if the Authority so directs, then the bank is liable to pay for the remuneration and expenses of the auditor appointed under subsection (3).

[5/2016]

(5) The Authority may waive the payment of all or any part of the remuneration and expenses mentioned in subsection (4).

[5/2016]

### **Privacy of customer information**

**47.—**(1) Customer information must 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.

[5/2016]

(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.

(3) Where customer information is likely to be disclosed in any proceedings mentioned in item 3 or 4 of Part 1 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.

(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.

(5) Any person (including, where the person is a body corporate, an officer of the body corporate) who receives customer information mentioned in Part 2 of the Third Schedule must not, at any time,



disclose the customer information or any part of the customer information to any other person, except as authorised under that Schedule or if required to do so by an order of court.

(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.

(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 mentioned in Part 2 of the Third Schedule continues after the termination or cessation of the officer's or other person's appointment, employment, engagement or other capacity or office in which the officer or other person had received customer information.

(8) To avoid doubt, nothing in this section is to 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.

(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 must be treated as secret by the Authority.

(10) [*Deleted by Act 1 of 2020*]

### **Relevant services obtained or received by bank in Singapore**

**47A.**—(1) This section applies where a bank in Singapore obtains or receives any relevant service on or after 1 July 2021 from —

- (a) a branch or office of the bank (including its head office) that is located outside Singapore (called in this section its branch or office); or
- (b) any person.

[1/2020]

(2) Before obtaining any relevant service from its branch or office, a bank in Singapore must —

- (a) take the steps specified by the Authority by written notice to the bank to evaluate the ability of the branch or office to perform any of the following:
  - (i) to provide the relevant service;
  - (ii) to ensure continuity of the relevant service;
  - (iii) to safeguard the confidentiality and integrity of, and ensure the availability of, information of the bank related to the provision of the relevant service that is in the custody of the branch or office;
  - (iv) to comply with written laws related to the provision of the relevant service;
  - (v) to manage the legal, reputational, technological and operational risks to the branch or office related to the provision of the relevant service; and
- (b) implement policies and procedures by which the branch or office is to provide the relevant service, that satisfy requirements specified by the Authority by written notice to the bank.

[1/2020]

(3) Requirements in subsection (2)(b) may include (but are not limited to) the following:

- (a) a requirement that the policies and procedures be recorded in writing;
- (b) a requirement that the policies and procedures provide that the branch or office must protect all customer information of the bank in Singapore against unauthorised disclosure, retention or use;
- (c) a requirement that the policies and procedures provide that the bank in Singapore or the Authority, or an auditor appointed by the bank in Singapore or the Authority, be allowed to audit the books of the branch or office for any of the purposes mentioned in subsection (10) at the times specified in the notice;
- (d) a requirement that the policies and procedures provide that the branch or office must, on a request by the bank in Singapore, provide to the bank or the Authority any record, document, information or report relating to the provision of the relevant service;
- (e) a requirement that the policies and procedures provide that the bank in Singapore must, should circumstances specified in the notice arise, stop receiving the relevant service from the branch or office;
- (f) a requirement that the policies and procedures provide that the branch or office must not arrange for the relevant service to be provided by another branch or office or sub-contract the provision of the relevant service to any person, or may only so arrange or sub-contract under conditions specified in the notice.

[1/2020]

(4) Before obtaining any relevant service from any person, a bank in Singapore must —

- (a) take the steps specified by the Authority by written notice to the bank to evaluate the ability of the person to perform any of the following:
  - (i) to provide the relevant service;
  - (ii) to ensure continuity of the relevant service;

- (iii) to safeguard the confidentiality, integrity and availability of information related to the provision of the relevant service that is in the custody of the person;
  - (iv) to comply with written laws related to the provision of the relevant service;
  - (v) to manage the legal, reputational, technological and operational risks to the person related to the provision of the relevant service; and
- (b) enter into a contract with the person that satisfies requirements specified by the Authority by written notice to the bank.

[1/2020]

(5) Requirements in subsection (4)(b) may include (but are not limited to) the following:

- (a) a requirement that the contract be in writing;
- (b) a requirement that the contract provides that the person must protect all customer information of the bank in Singapore against unauthorised disclosure, retention or use;
- (c) a requirement that the contract provides that the bank in Singapore or the Authority, or an auditor appointed by the bank in Singapore or the Authority, be allowed to audit the books of the person for any of the purposes mentioned in subsection (10) at the times specified in the notice;
- (d) a requirement that the contract provides that the person must, on a request by the bank in Singapore, provide to the bank or the Authority any record, document, information or report relating to the provision of the relevant service;
- (e) a requirement that the contract provides that the bank in Singapore may terminate the contract should circumstances specified in the notice arise;
- (f) a requirement that the contract provides that the person must not arrange for the relevant service to be provided by

a branch or office or sub-contract the provision of the relevant service to another person, or may only so arrange or sub-contract under conditions specified in the notice.

[1/2020]

(6) The Authority may, by written notice to a bank in Singapore that receives a relevant service from its branch or office, require the bank —

- (a) to take steps specified by the Authority to evaluate the ability of the branch or office to perform the acts mentioned in subsection (2)(a);
- (b) if the bank is required to implement policies and procedures that satisfy subsection (3)(c), to take reasonable steps to ensure that the books of the branch or office are audited for any of the purposes mentioned in subsection (10);
- (c) if the bank is required to implement policies and procedures that satisfy subsection (3)(d), to request the branch or office to provide to the bank or the Authority any record, document, information or report relating to the provision of the relevant service;
- (d) if the bank is required to implement policies and procedures that satisfy subsection (3)(e) and any of the circumstances specified in the notice mentioned in subsection (3)(e) have arisen —
  - (i) to notify the Authority of the circumstances that have arisen; or
  - (ii) to stop receiving the relevant service from the branch or office;
- (e) to establish measures to minimise any disruption to the operations of the bank in Singapore in the event the branch or office cannot adequately provide the relevant service to the bank in Singapore;
- (f) to implement the measures mentioned in paragraph (e) in the event the branch or office cannot adequately provide the relevant service to the bank in Singapore;

- (g) to develop and implement policies and procedures to manage, monitor and control any risk to the bank that may arise from receiving the relevant service from the branch or office;
- (h) to take reasonable steps to supervise and monitor the provision of the relevant service by the branch or office;
- (i) to record, in a list or register of relevant services received by the bank, the fact that the relevant service is received by the bank from the branch or office;
- (j) to implement measures that protect customer information of the bank disclosed to the branch or office against unauthorised disclosure, retention or use; or
- (k) to implement measures to ensure that the bank in Singapore, and the Authority (in accordance with this Act), have access to customer information and any record, document, information or report relating to the provision of the relevant service by the branch or office.

[1/2020]

(7) The Authority may, by written notice to a bank in Singapore that receives a relevant service from another person, require the bank —

- (a) to take steps specified by the Authority to evaluate the ability of the person to perform the acts mentioned in subsection (4)(a);
- (b) if the contract provides for the matter mentioned in subsection (5)(c), to take reasonable steps to ensure that the books of the person are audited for any of the purposes mentioned in subsection (10);
- (c) if the contract provides for the matter mentioned in subsection (5)(d), to exercise its right to obtain any record, document, information or report relating to the provision of the relevant service from the person;
- (d) if the contract provides for the matter mentioned in subsection (5)(e) and any of the circumstances specified in the notice mentioned in subsection (5)(e) have arisen —

- (i) to notify the Authority of the circumstances that have arisen; or
    - (ii) to exercise its right to terminate the contract;
  - (e) to establish measures to minimise any disruption to the operations of the bank in Singapore in the event the person cannot adequately provide the relevant service to the bank in Singapore;
  - (f) to implement the measures mentioned in paragraph (e) in the event the person cannot adequately provide the relevant service to the bank in Singapore;
  - (g) to develop and implement policies and procedures to manage, monitor and control any risk to the bank that may arise from receiving the relevant service from the person;
  - (h) to take reasonable steps to supervise and monitor the provision of the relevant service by the person;
  - (i) to record, in a list or register of relevant services received by the bank, the fact that the relevant service is received by the bank from the person;
  - (j) to implement measures that protect customer information of the bank disclosed to the person against unauthorised disclosure, retention or use; or
  - (k) to implement measures to ensure that the bank in Singapore, and the Authority (in accordance with this Act), have access to customer information and any record, document, information or report relating to the provision of the relevant service by the person.
- [1/2020]*
- (8) Notices for the purposes of subsections (2), (4), (6) and (7) —
- (a) may impose requirements on a bank in Singapore or a class of banks in Singapore;
  - (b) may impose different requirements on different banks in Singapore or different classes of banks in Singapore; and

- (c) may impose different requirements in relation to different types of relevant services.

[1/2020]

(9) In specifying any requirement in a notice under subsection (2), (4), (6) or (7) to a bank in Singapore or class of banks in Singapore, the Authority must have regard to —

- (a) the risk arising from the activities of the bank or class of banks; and
- (b) the systemic impact of the bank or class of banks on the financial sector.

[1/2020]

(10) The purposes of an audit mentioned in subsections (3)(c), (5)(c), (6)(b) and (7)(b) are the following:

- (a) determining whether the branch or office, or person, is properly providing the relevant service;
- (b) assessing —

(i) the ability of the branch or office, or person —

(A) to ensure continuity of the relevant service;

(B) to safeguard the confidentiality, integrity and availability of information related to the provision of the relevant service in the custody of the branch or office, or person; and

(C) to manage its legal, reputational, technological and operational risks arising from the provision of the relevant service; and

(ii) the level of compliance of the branch or office, or person, with written laws related to the provision of the relevant service.

[1/2020]

(11) Any bank in Singapore which contravenes subsection (2) or (4) or any requirement imposed by a notice under subsection (6) or (7) 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 of a day during which the offence continues after conviction.

[1/2020]

(12) In this section, “relevant service”, in relation to a bank in Singapore, means any service obtained or received by the bank, other than a service provided in the course of employment by an employee of the bank or a service provided by a director or an officer of the bank in the course of the director’s or officer’s appointment, and does not include any service specified by the Authority by written notice.

[1/2020]

### **Information of insolvency, etc.**

**48.**—(1) 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, must immediately inform the Authority of that fact.

[10/2013]

(2) Any bank which contravenes 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 of a day during which the offence continues after conviction.

[10/2013; 5/2016]

### **Information of material adverse development, etc.**

**48AA.**—(1) When a bank in Singapore becomes aware of any development that has occurred or is likely to occur which the bank has reasonable grounds to believe has materially and adversely affected, or is likely to materially and adversely affect —

- (a) the financial soundness or reputation of the bank;
- (b) the ability of the bank to conduct any business mentioned in section 30(1); or
- (c) such other matters as the Authority may prescribe,

the bank must immediately inform the Authority of the development.

[5/2016; 1/2020]

(2) When a bank incorporated in Singapore becomes aware of any development that has occurred or is likely to occur which the bank has reasonable grounds to believe has materially and adversely affected, or is likely to materially and adversely affect —

(a) the financial soundness or reputation of any entity in the bank group of the bank or any entity or trust in the FHC group of the designated financial holding company of the bank (if applicable);

(b) the ability of any entity in the bank group of the bank or any entity or trust in the FHC group of the designated financial holding company of the bank (if applicable), to conduct its business; or

(c) such other matters as the Authority may prescribe,

the bank must immediately inform the Authority of the development.

*[5/2016; 1/2020]*

(3) A bank in Singapore must immediately inform the Authority when it is aware that it has contravened or is likely to contravene, any provision of any Act administered by the Authority or any requirement imposed on it by the Authority under any such Act.

*[5/2016]*

(4) 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 \$250,000.

*[5/2016]*

(5) In this section —

“accounting standards” means the accounting standards made or formulated by the Accounting Standards Council under Part 3 of the Accounting Standards Act 2007;

“associate”, in relation to an entity (called in this definition the first entity), means —

(a) any entity in which the first entity controls the composition of the board of directors or such corresponding officers as may be prescribed;

- (b) any entity in which the first entity controls more than half of the voting power or such measure corresponding to voting power as may be prescribed;
- (c) any entity in which the first entity holds more than half of the total number of issued shares or such corresponding interest as may be prescribed;
- (d) a subsidiary of any other entity which is an associate by reason of paragraph (a), (b) or (c);
- (e) any entity (called in this paragraph the second entity) in which —

- (i) the first entity; or

- (ii) any entity which is an associate by reason of paragraph (a), (b), (c) or (d),

has, or the entities in sub-paragraphs (i) and (ii) together have, an interest in shares entitling the beneficial owners of those interests the right to cast (whether by proxy or in person) not less than 20% but not more than 50% of the total votes able to be cast at a general meeting of the second entity, or such corresponding interest as may be prescribed; or

- (f) any entity (not being one which is an associate by reason of paragraph (a), (b), (c), (d) or (e)) the policies of which —

- (i) the first entity; or

- (ii) any entity which is an associate by reason of paragraph (a), (b), (c), (d) or (e),

or the entities in sub-paragraphs (i) and (ii) together are able to control or influence materially;

“bank group”, in relation to a bank, means a group of entities comprising the bank and —

- (a) any of its associates; and

(b) any other entity treated as part of the bank's group of companies according to the accounting standards applicable to the bank;

“designated financial holding company” has the meaning given by section 2(1) of the Financial Holding Companies Act 2013;

“entity” means any body corporate or unincorporate, whether incorporated, formed or established in or outside Singapore;

“FHC group”, in relation to a designated financial holding company, means a group of entities and trusts comprising the financial holding company and —

(a) any of its associates; and

(b) any other entity or trust treated as part of the financial holding company's group of companies according to the accounting standards applicable to the financial holding company;

“subsidiary” means an entity prescribed as a subsidiary for the purposes of this section.

[5/2016]

### **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.

**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 bank 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.

[1/2020]

(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.

(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) is only 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.

(4) Where the Authority appoints 2 or more persons as statutory manager of a bank, the Authority must 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) must be discharged or exercised by such persons jointly; and
- (c) must be discharged or exercised by a specified person of such persons.

(5) Where the Authority has exercised any power under subsection (2), it may, at any time and without affecting 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.

(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 —

(c) the exercise or purported exercise of any power under this Act;

(d) the performance or purported performance of any function or duty under this Act; or

(e) the compliance or purported compliance with this Act.

(7) A bank which fails to comply with any requirement imposed under subsection (2)(a) 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 of a day during which the offence continues after conviction.

[5/2016]

### **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) must take custody or control of the relevant business.

(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 must manage the relevant business of the bank in the name of and on behalf of the bank and is deemed to be an agent of the bank.

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

(a) must take into consideration the interests of the depositors of the bank; and

- (b) has 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 1967 and the constitution of the bank, including powers of delegation, in relation to the relevant business of the bank; but nothing in this paragraph requires the Authority or statutory manager to call any meeting of the bank under the Companies Act 1967 or the constitution of the bank.

(4) Despite 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, insofar as the appointment relates to the relevant business of the bank,

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

(5) Despite 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, a person must not 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, insofar as the appointment relates to the relevant business of the bank,

except with the approval of the Authority.

(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 written notice to the person, revoke its approval and such appointment is deemed to be revoked on the date specified in the notice.

(7) Despite 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 —

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

(8) Despite 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 —

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

(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 mentioned 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), to the extent of the conflict or inconsistency, prevails over the direction or decision mentioned in sub-paragraph (ii); and
- (b) a person must not 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 is invalid and of no effect.

(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 of a day during which the offence continues after conviction.

(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.

### **Duration of control**

**51.—**(1) The Authority must 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.

(2) A statutory manager is deemed to have assumed control of the relevant business of a bank on the date of the statutory manager's appointment.

(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 ceases to be in control of the relevant business of the bank.

(4) The Authority must 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.

### **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 General Division of 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 General Division of 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 the person's 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 must give to the Authority or statutory manager such information as the Authority or statutory manager may require for the discharge of the Authority's or statutory manager's duties or functions, or the exercise of the Authority's or statutory manager's powers, in relation to the bank, within such time and in such manner as may be specified by the Authority or statutory manager.

[40/2019]

(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 provides 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 of a day during which the offence continues after conviction.

### **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.

### **Appointment of chief executive officer and other persons**

**53A.**—(1) A bank incorporated in Singapore must obtain the prior approval of the Authority for the appointment of any of the following:

- (a) all directors;
- (b) the chairperson of the board of directors;
- (c) the chief executive officer and the deputy chief executive officer;
- (d) a person holding such appointment in the bank as may be prescribed.

[5/2016]

(2) A bank incorporated outside Singapore must obtain the prior approval of the Authority for the appointment of the following persons for its bank in Singapore:

- (a) the chief executive officer and the deputy chief executive officer;
- (b) a person holding such appointment in the bank as may be prescribed.

[5/2016]

(3) Without affecting any other matter that the Authority may consider relevant, the Authority, in determining whether to grant its approval under subsection (1) or (2), must have regard to whether the person is a fit and proper person to hold the office or appointment in accordance with the Guidelines on Fit and Proper Criteria.

[5/2016]

(4) The Authority may —

- (a) grant its approval under subsection (1) or (2), with or without conditions; and
- (b) at any time vary or revoke any existing condition or impose conditions or additional conditions.

[5/2016]

- (5) Without limiting section 78, the Authority may prescribe —
- (a) the duties of a person appointed under subsection (1) or (2); and
  - (b) the maximum term for which a person appointed under subsection (1) or (2) may hold such office or appointment.
- [5/2016]*

(6) A bank incorporated in Singapore must immediately inform the Authority after the bank becomes aware that a person who holds an office or appointment mentioned in subsection (1) is, in accordance with the Guidelines on Fit and Proper Criteria, no longer a fit and proper person to hold that office or appointment.

*[5/2016]*

(7) A bank incorporated outside Singapore must immediately inform the Authority after the bank becomes aware that a person who holds an office or appointment mentioned in subsection (2) is, in accordance with the Guidelines on Fit and Proper Criteria, no longer a fit and proper person to hold that office or appointment.

*[5/2016]*

(8) Any bank which contravenes subsection (1) or (2), or fails to comply with any condition imposed by the Authority under subsection (4) 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 of a day during which the offence continues after conviction.

*[5/2016]*

(9) Any bank which contravenes subsection (6) or (7) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

*[5/2016]*

### **Disqualification or removal of director or executive officer**

- 54.—**(1) Despite the provisions of any other written law —
- (a) a bank in Singapore must not, without the prior written consent of the Authority, permit a person to act as its executive officer; and

- (b) a bank in Singapore which is incorporated in Singapore must not, without the prior written consent of the Authority, permit a person to act as its director,

if the person —

- (c) has been convicted, whether in Singapore or elsewhere, of an offence committed before, on or after 18 April 2013, being an offence —
- (i) involving fraud or dishonesty;
  - (ii) the conviction for which involved a finding that the person had acted fraudulently or dishonestly; or
  - (iii) that is specified in the Third Schedule to the Registration of Criminals Act 1949;
- (d) is an undischarged bankrupt, whether in Singapore or elsewhere;
- (e) has had execution against the person in respect of a judgment debt returned unsatisfied in whole or in part;
- (f) has, whether in Singapore or elsewhere, entered into a compromise or scheme of arrangement with the person's creditors, being a compromise or scheme of arrangement that is still in operation;
- (g) has had a prohibition order under section 68 of the Financial Advisers Act 2001, section 74 of the Insurance Act 1966 or section 101A or 123ZZC of the Securities and Futures Act 2001 made against the person that remains in force; or
- (h) has been a director of, or directly concerned in the management of, a regulated financial institution, whether in Singapore or elsewhere —
- (i) which is being or has been wound up by a court; or
  - (ii) the approval, authorisation, designation, recognition, registration or licence of which has been withdrawn, cancelled or revoked by the Authority or, in the case of a regulated financial institution in a foreign

country or territory, by the regulatory authority in that foreign country or territory.

[10/2013]

(2) Despite the provisions of any other written law, where the Authority is satisfied that —

- (a) a director of a bank in Singapore which is incorporated in Singapore; or
- (b) an executive officer of a bank in Singapore,

is not a fit and proper person to be a director or an executive officer (as the case may be), the Authority may, by written notice to the bank, direct the bank to remove the director or executive officer from his or her office or employment within such period as may be specified by the Authority in the notice, and the bank must comply with the notice.

[5/2016]

(3) In assessing whether to direct a bank to remove a director or an executive officer from his or her office or employment under subsection (2), the Authority may consider any matter which it considers relevant, including (but not limited to) whether —

- (a) he or she has wilfully contravened or wilfully caused the bank to contravene any provision of this Act;
- (b) he or she has, without reasonable excuse, failed to secure the compliance of the bank with this Act, the Monetary Authority of Singapore Act 1970 or any of the written laws set out in the Schedule to that Act;
- (c) he or she has failed to discharge any of the duties of his or her office or employment; or
- (d) his or her removal is necessary in the public interest or for the protection of the depositors of the bank.

[5/2016]

(4) Before directing a bank in Singapore to remove a person from his or her office or employment under subsection (2), the Authority must —

- (a) give the bank and the person written notice of its intention to do so; and



- (b) in the notice mentioned in paragraph (a), call upon the bank and the person to show cause, within such time as may be specified in the notice, why the person should not be removed.

[10/2013]

- (5) If the bank and the person mentioned in subsection (4) —

- (a) fail to show cause within the time specified under subsection (4)(b) 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 person under subsection (2).

[10/2013]

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

[10/2013]

(7) Any bank in Singapore which contravenes subsection (1) or 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 \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part of a day during which the offence continues after conviction.

[10/2013]

(8) No criminal or civil liability is incurred by a bank in Singapore, 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.

[10/2013]

- (9) In this section, unless the context otherwise requires —

“regulated financial institution” means a person who carries on a business, the conduct of which is regulated or authorised by

the Authority or, if it is carried on in Singapore, would be regulated or authorised by the Authority;

“regulatory authority”, in relation to a foreign country or territory, means an authority of the foreign country or territory exercising any function that corresponds to a regulatory function of the Authority under this Act, the Monetary Authority of Singapore Act 1970 or any of the written laws set out in the Schedule to that Act.

[10/2013]

**54A.** [Repealed by Act 10 of 2013]

**54B.** [Repealed by Act 10 of 2013]

### 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 written notice 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.

(2) Without limiting 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) [*Deleted by Act 5 of 2016*]
- (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 places of business and representative offices and the change of location of any place of business or representative office;
- (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; and
- (r) the forms, returns and submissions of statistics for the purposes of this Act.

[5/2016]

(3) Any bank in Singapore which fails to comply with any direction given to the bank or any requirement imposed on the bank by any notice issued under this Act 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 of a day during which the offence continues after conviction.

[1/2020]

(4) It is not necessary to publish any written notice issued under this Act in the *Gazette*.

[10/2013]

## PART 7A

### TRANSFER OF BUSINESS

[10/2013; 5/2016]

#### *Division 1 — Transfer of business of bank*

[5/2016]

#### **Interpretation of this Division**

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

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

“Court” means the General Division of the High Court;

“debenture” has the meaning given by section 4(1) of the Companies Act 1967;

“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 bank 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.

[40/2019; 1/2020]

### Conditions for transfer of business

**55B.**—(1) A transferor may voluntarily 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 the Minister’s 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.

[5/2016]

(1A) A transferor must transfer the whole or any part of its banking business in Singapore to a company incorporated by the bank or its parent bank under the Companies Act 1967 for the purpose of carrying on that business or that part of the business, if —

- (a) it is directed by the Authority under section 55BA to do so; and
- (b) the Court has approved the transfer.

[5/2016]

(2) Subsections (1) and (1A) do not affect the right of a bank to transfer the whole or any part of its business under any law.

[5/2016]

(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.

(4) The Minister or the Authority may at any time appoint one or more persons to perform an independent assessment of, and provide 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.

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

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

### **Power to require incorporation and transfer of business**

**55BA.**—(1) The Authority may, by written notice to a bank incorporated outside Singapore, direct the bank to transfer the whole or any part of its banking business in Singapore to a company incorporated or to be incorporated by the bank or its parent bank under the Companies Act 1967.

[5/2016]

- (2) The bank that is so directed by the Authority must —
  - (a) apply to the Court, within the period specified in the notice (including any extension approved by the Authority), for the Court's approval of the transfer of the whole or any part of its banking business in Singapore to a company incorporated or to be incorporated by the bank or its parent bank under the Companies Act 1967 for the purpose of carrying on that business or that part of the business, and use all reasonable efforts to obtain such approval; and

- (b) upon approval of the Court, incorporate such company (if applicable), and transfer that business or that part of the business to the company in accordance with the terms of the approval and within such time as the Authority may specify in the notice (including any extension approved by the Authority).

[5/2016]

(3) The Authority may only make the direction in subsection (1) if it is of the opinion that —

- (a) it is necessary or expedient in the public interest;  
(b) it is in the interest of the depositors of the bank; or  
(c) it is in the interest of the financial system in Singapore,

for the bank to carry out the acts mentioned in that subsection.

[5/2016]

(4) A bank which fails to comply with a notice 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 of a day during which the offence continues after conviction.

[5/2016]

### **Approval of transfer**

**55C.**—(1) A transferor must 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.

(2) Before making the application —

- (a) the transferor must lodge with the Authority a report setting out such details of the transfer and provide such supporting documents as the Authority may specify;  
(b) where the transferor is a bank incorporated in Singapore, the transferor must obtain the consent of the Minister or the certification of the Minister that the Minister's consent is not required;  
(c) the transferor and the transferee must, 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 must, at least 15 days before the application is made, publish in the *Gazette* and in such newspaper or newspapers as the Authority may determine 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 must keep at their respective offices in Singapore a copy of the report mentioned 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 must serve on their respective customers affected by the transfer at least 15 days before the application is made, a copy of the report mentioned in paragraph (a) or a summary of the transfer approved by the Authority under paragraph (c).

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

- (a) 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.

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

(5) The Court may, after taking into consideration the views (if any) of the Minister and the Authority —



- (a) approve the transfer without modification or subject to any modification agreed to by the transferor and the transferee; or
- (b) refuse to approve the transfer.

[5/2016]

(5A) In an application made on a direction issued under section 55BA(1) by the Authority, the transferor must notify the Authority immediately if the Court —

- (a) approved the transfer of business subject to any modification; or
- (b) refused to approve the transfer of business.

[5/2016]

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

(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.

- (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.

(9) Subject to subsection (10), if an order is made under subsection (7), then by virtue of the order the business (or any part of the business) of the transferor specified in the order is transferred to and vests 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.

(10) No order under subsection (7) has 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.

(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.

(12) Where an order is made under this section, the transferor and the transferee must 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.

(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 of a day during which the offence continues after conviction.

(14) For the purposes of this section, where the transfer is one mentioned in section 55B(1A) and the transferee has yet to be incorporated when the application is made to the Court —

- (a) subsections (2), (5), (12) and (13) apply as if there is no reference to the transferee;
- (b) the reference in subsection (6) to the transferee becoming licensed to carry on banking business in Singapore is a reference to the transferee at the time it is incorporated and so licensed; and
- (c) a reference in subsections (7), (9) and (11) to the transferee is a reference to the transferee when it is incorporated.

[5/2016]

*Division 2 — [Repealed by Act 10 of 2013]*

**55D.** [Repealed by Act 10 of 2013]

**55E.** [Repealed by Act 10 of 2013]

**55F.** [Repealed by Act 10 of 2013]

**55G.** [Repealed by Act 10 of 2013]

*Division 3 — [Repealed by Act 10 of 2013]*

**55H.** [Repealed by Act 10 of 2013]

**55I.** [Repealed by Act 10 of 2013]

**55J.** [Repealed by Act 10 of 2013]

*Division 4 — [Repealed by Act 10 of 2013]*

**55K.** [Repealed by Act 10 of 2013]

**55L.** [Repealed by Act 10 of 2013]

**55M.** [*Repealed by Act 10 of 2013*]

*Division 5 — Miscellaneous*

**Power to obtain information under this Part**

**55N.**—(1) The Minister or the Authority may require a person to provide, 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 the Minister's or the Authority's duties or functions, or the exercise of the Minister's or the Authority's powers, under this Part.

(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), provides any information knowing or reckless that the information is false or misleading in a material particular,

shall be guilty of an offence and shall be liable on conviction —

- (c) 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 of a day during which the offence continues after conviction; or
- (d) 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 of a day during which the offence continues after conviction.

[5/2016]

(3) Where a person claims, before providing the Authority with any information that the person is required to provide under subsection (1), that the information might tend to incriminate the person, the information is not admissible in evidence against the

person in criminal proceedings other than proceedings under this section.

[5/2016]

**55O.** [*Repealed by Act 10 of 2013*]

### **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.

## PART 7B

### MERCHANT BANKS

#### *Division 1 — Interpretation and application of provisions in Parts 3 to 7A*

### **Interpretation of this Part**

**55Q.** In this Part, unless the context otherwise requires —

“associate”, in relation to a merchant bank, has the meaning given by section 48AA(5), with each reference to the first entity replaced with a reference to the merchant bank;

“deposit” has the meaning given by section 4B(4) read with subsections (4A), (5), (6) and (10) of that section;

“deposit-taking business” has the meaning given by section 4B(7) read with subsections (8), (9) and (10) of that section;

“merchant bank group”, in relation to a merchant bank, means a group of entities comprising the merchant bank and —

(a) any of its associates; and

(b) any other entity treated as part of the merchant bank’s group of companies according to the accounting standards applicable to the merchant bank;

“permitted business”, in relation to a merchant bank, means one or both of the following businesses:

- (a) banking business;
- (b) deposit-taking business.

[1/2020]

### **Application of provisions in Parts 3 to 7A**

**55R.**—(1) Where any provision in Parts 3 to 7A (called in this section an incorporated provision) is incorporated by reference in this Part, whether with or without modifications, then, in addition to any specific modifications set out in this Part —

- (a) the incorporated provision applies with the necessary modifications;
- (b) a reference in the incorporated provision to another incorporated provision is to that other provision as applied in this Part;
- (c) a reference in the incorporated provision to a bank is to a merchant bank;
- (d) a reference in the incorporated provision to a class of banks is to a class of merchant banks;
- (e) a reference in the incorporated provision to a bank in Singapore is to a merchant bank in Singapore;
- (f) a reference in the incorporated provision to a class of banks in Singapore is to a class of merchant banks in Singapore;
- (g) a reference in the incorporated provision to a bank incorporated in Singapore is to a merchant bank incorporated in Singapore;
- (h) a reference in the incorporated provision to a class of banks incorporated in Singapore is to a class of merchant banks incorporated in Singapore;
- (i) a reference in the incorporated provision to a bank incorporated outside Singapore is to a merchant bank incorporated outside Singapore;
- (j) a reference in the incorporated provision to a foreign-owned bank incorporated in Singapore is to a foreign-owned merchant bank incorporated in Singapore;

- (k) a reference in the incorporated provision to a bank group is to a merchant bank group;
- (l) a reference in the incorporated provision to a bank licence is to a merchant bank licence;
- (m) a reference in the incorporated provision to banking business is to a permitted business; and
- (n) the incorporated provision applies subject to any other modifications prescribed by regulations made under subsection (2).

[1/2020]

(2) The Minister may, for a period of 3 years starting on 1 July 2021, make regulations to prescribe further modifications to an incorporated provision in its application by this Part.

[1/2020]

### *Division 2 — Licensing of merchant banks, etc.*

#### **Application for merchant bank licence**

**55S.**—(1) A company that wishes to carry on a permitted business in Singapore may, instead of applying for a bank licence under section 7(1), apply in writing to the Authority for a merchant bank licence under this section.

[1/2020]

(2) An applicant under subsection (1) must provide to the Authority —

- (a) a copy of the memorandum and articles of association or other instrument under which the applicant is incorporated, duly verified by a statutory declaration made by a senior officer of the applicant;
- (b) a copy of the latest balance sheet of the applicant; and
- (c) any other information required by the Authority.

[1/2020]

(3) On receipt of an application under subsection (1), the Authority must consider the application and may, subject to section 55T —

- (a) grant a merchant bank licence to the applicant, with or without conditions; or
- (b) refuse to grant the licence.

[1/2020]

(4) The Authority may, at any time, impose conditions or additional conditions on, or vary or revoke any condition of, a merchant bank licence under subsection (3)(a).

[1/2020]

(5) The Authority must, before taking any action under subsection (4) in relation to a merchant bank —

- (a) give written notice of its intention to take that action to the merchant bank; and
- (b) give the merchant bank an opportunity to provide reasons why the conditions of its licence should not be so imposed, varied or revoked.

[1/2020]

(6) A merchant bank commits an offence if it fails to comply with any condition of its licence 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 of a day during which the offence continues after conviction.

[1/2020]

(7) An application under subsection (1) must be accompanied by a non-refundable application fee —

- (a) that is of an amount prescribed by the Authority by notification in the *Gazette*; and
- (b) that must be paid in the manner specified by the Authority.

[1/2020]

(8) Any person that provides any document or information in connection with an application under subsection (1), knowing or reckless as to whether the document or information is false or misleading in any material particular, commits 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.

[1/2020]

### **Minimum capital requirements of merchant banks**

**55T.**—(1) A company must not be granted a merchant bank licence unless —

- (a) where the company intends to carry on a permitted business in Singapore as a merchant bank incorporated in Singapore, its paid-up capital and capital funds —
  - (i) are in ordinary shares;
  - (ii) are denominated in Singapore dollars, or another currency approved by the Authority in a particular case by written notice to the company; and
  - (iii) are each at least \$15 million or another amount determined by the Authority in a particular case by written notice to the company; or
- (b) where the company intends to carry on a permitted business in Singapore through a branch or office located in Singapore, its head office capital funds are at least the equivalent of \$200 million or another amount determined by the Authority in a particular case by written notice to the company.

[1/2020]

(2) Subject to subsection (3), the paid-up capital and capital funds of a merchant bank incorporated in Singapore —

- (a) must at all times be denominated in Singapore dollars or another currency approved by the Authority in a particular case by written notice to the merchant bank; and
- (b) must at all times be in ordinary shares.

[1/2020]

(3) Any amount of paid-up capital or capital funds of a merchant bank incorporated in Singapore that is above the amount mentioned

in subsection (1)(a) may be denominated in any currency, and may be in any type of shares.

[1/2020]

(4) A merchant bank incorporated in Singapore must not, without the approval of the Authority —

- (a) reduce its paid-up capital; or
- (b) purchase or otherwise acquire shares issued by the merchant bank if those shares are to be held as treasury shares.

[1/2020]

(5) The Authority may —

- (a) give its approval under subsection (2)(a) or (4), with or without conditions; and
- (b) at any time impose conditions or additional conditions on, or vary or revoke any condition of, its approval.

[1/2020]

(6) A merchant bank must at all times maintain —

- (a) if it is incorporated in Singapore — paid-up capital and capital funds of at least the amount mentioned in subsection (1)(a); or
- (b) if it is incorporated outside Singapore — head office capital funds of at least the equivalent of the amount mentioned in subsection (1)(b).

[1/2020]

(7) A merchant bank that fails to comply with any requirement under subsection (2) or (6) must immediately give written notice to the Authority.

[1/2020]

(8) Without affecting subsection (9), where a merchant bank fails to comply with any provision of this section, the Authority may by written notice to the merchant bank —

- (a) restrict or suspend the operations of the merchant bank; or
- (b) give any direction to the merchant bank that the Authority considers appropriate.

[1/2020]

(9) A merchant bank commits an offence if it fails to comply with —

- (a) subsection (2), (4), (6) or (7);
- (b) any condition imposed under subsection (5); or
- (c) any restriction or suspension imposed by the Authority, or any direction of the Authority, under subsection (8).

[1/2020]

(10) A merchant bank that commits an offence under subsection (9) 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 of a day during which the offence continues after conviction.

[1/2020]

(11) In this section —

“head office capital funds”, in relation to a company or merchant bank incorporated outside Singapore, means the aggregate of —

- (a) its paid-up capital or the equivalent of such paid-up capital recognised by the Authority as applicable to the company or merchant bank under the laws of the country or territory in which the company or merchant bank is incorporated, formed or established; and
- (b) published reserves (excluding any reserves specified by the Authority by written notice to the company or merchant bank), deduction having been made for any loss appearing in the accounts of the company or merchant bank;

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

[1/2020]

**Restrictions on merchant banks in Singapore accepting or soliciting deposit or raising money in Singapore dollars**

**55U.**—(1) Despite section 4 and anything in this Part, a merchant bank in Singapore —

- (a) must not accept any deposit in Singapore dollars or otherwise borrow any money in Singapore dollars, except —
  - (i) from any person or a person within a class of persons prescribed by the Authority and in accordance with any condition prescribed by the Authority; or
  - (ii) from any other person approved by the Authority for the merchant bank in a particular case and in accordance with any condition imposed by the Authority on the merchant bank by written notice;
- (b) must not offer, invite or issue any advertisement containing any offer or invitation to any person or class of persons (other than a person or class of persons mentioned in paragraph (a)) —
  - (i) to make any deposit in Singapore dollars with the merchant bank; or
  - (ii) to enter or offer to enter into any agreement to make any deposit in Singapore dollars with the merchant bank; and
- (c) must not raise money in Singapore dollars by —
  - (i) issuing promissory notes, commercial papers or certificate of deposits;
  - (ii) accepting or endorsing bills of exchange; or
  - (iii) any other method prescribed by the Authority.

[1/2020]

(2) The Authority may, at any time, impose conditions or additional conditions on, or vary or revoke any condition of, an approval under subsection (1)(a)(ii).

[1/2020]

(3) Any person that contravenes this section or fails to comply with any condition prescribed or imposed under this section commits 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 of a day during which the offence continues after conviction.

[1/2020]

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

[1/2020]

(5) For the purposes of this section, “advertisement” has the meaning given by section 4B(1), (2) and (3).

[1/2020]

### **Businesses that merchant banks in Singapore may carry on**

**55V.**—(1) A merchant bank in Singapore may only carry on, or enter into any partnership, joint venture or other arrangement with any person to carry on, whether in Singapore or elsewhere, one or more of the following businesses:

- (a) a permitted 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 that is incidental to the business which the merchant bank may carry on under paragraph (a) or (b);
- (d) any business or class of business prescribed by the Authority;
- (e) any other business that the Authority may approve in a particular case by written notice to the merchant bank for the purposes of this section.

[1/2020]

(2) The carrying on of any business or class of business prescribed under subsection (1)(d) by any merchant bank in Singapore must be in accordance with any condition prescribed under section 78 for that

purpose and any additional condition imposed by the Authority on the merchant bank by written notice in a particular case.

[1/2020]

(3) The carrying on of any business approved for a merchant bank under subsection (1)(e) must be in accordance with any condition imposed by the Authority by the written notice.

[1/2020]

(4) The Authority may, at any time, add to, vary or revoke any condition imposed by written notice under subsection (2) or (3).

[1/2020]

(5) Nothing in this section is to be construed as exempting a merchant bank from any requirement that, apart from this section, the merchant bank is required to comply with under any written law for the conduct of any business.

[1/2020]

(6) Any merchant bank that contravenes this section commits 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 of a day during which the offence continues after conviction.

[1/2020]

### **Duty to inform Authority of change in shareholding**

**55W.**—(1) A merchant bank in Singapore must give written notice to the Authority within 7 days of the merchant bank becoming aware of —

- (a) any transfer, sale or purchase, or any proposed transfer, sale or purchase, of any shares in the merchant bank to or by any person; or
- (b) any other agreement or arrangement that results in a person becoming or ceasing to be a substantial shareholder or an indirect controller of the merchant bank.

[1/2020]

(2) A merchant bank commits an offence if it fails to comply with subsection (1) 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 of a day during which the offence continues after conviction.

[1/2020]

(3) In this section, “indirect controller”, in relation to a merchant bank —

(a) 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 merchant bank —

(i) in accordance with whose directions, instructions or wishes the directors of the merchant bank are accustomed or under an obligation (whether formal or informal) to act; or

(ii) that is in a position to determine the policy of the merchant bank; but

(b) does not include any person —

(i) who is a director or other officer of the merchant bank and whose appointment has been approved by the Authority; or

(ii) in accordance with whose directions, instructions or wishes the directors of the merchant bank are accustomed to act only because the directors act on advice given by the person in the person’s professional capacity.

[1/2020]

### **Shareholder must be fit and proper person**

**55X.**—(1) This section applies 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.

[1/2020]

(2) A person must not, on or after 1 July 2021, purchase or otherwise acquire any share in a merchant bank in Singapore without the prior approval of the Authority.

[1/2020]

(3) The Authority may approve an application made by any person under subsection (2) if the Authority is satisfied that —

- (a) the person is a fit and proper person in accordance with the Guidelines on Fit and Proper Criteria; and
- (b) having regard to the likely influence of the person, the merchant bank will or will continue to conduct its business prudently and comply with the provisions of this Act and any other written law applicable to it in the conduct of its business.

[1/2020]

(4) An approval under this section may be granted to a person subject to any condition imposed by the Authority, including but not limited to any condition —

- (a) restricting the person's further acquisition of shares or voting power in the merchant bank; or
- (b) restricting the person's exercise of voting power in the merchant bank.

[1/2020]

(5) The Authority may, at any time, impose additional conditions on, or vary or revoke any condition of, an approval granted under this section.

[1/2020]

(6) Any condition of approval imposed under this section has effect despite any provision of the Companies Act 1967 or anything contained in the memorandum or articles of association of the merchant bank.

[1/2020]

(7) A person commits an offence if the person fails to comply with —

- (a) subsection (2); or
- (b) any condition of approval imposed under this section.

[1/2020]

(8) A person who commits an offence under subsection (7) 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 of a day 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 of a day during which the offence continues after conviction.

[1/2020]

**Duty to inform Authority if shareholder, etc., is not fit and proper person**

**55Y.**—(1) A merchant bank in Singapore must immediately inform the Authority after the merchant bank becomes aware that —

- (a) a person approved under section 55X(3), a substantial shareholder or an indirect controller (called in this section a specified person) is, in accordance with the Guidelines on Fit and Proper Criteria, not or no longer a fit and proper person; or
- (b) the merchant bank is not likely to be able to conduct its business prudently or to comply with the provisions of this Act or any other written law applicable to it in the conduct of its business, having regard to the likely influence over the merchant bank of the specified person.

[1/2020]

(2) If the Authority is satisfied that a specified person is, in accordance with the Guidelines on Fit and Proper Criteria, not or no longer a fit and proper person, the Authority may, by written notice —

- (a) direct the transfer or disposal of all or any of the shares in the merchant bank held by the specified person or any of the specified person's associates (called in this section specified shares) within the time or in accordance with the conditions imposed by the Authority;
- (b) restrict the transfer or disposal of the specified shares; or

- (c) make any other direction that the Authority considers appropriate.

[1/2020]

(3) If a direction has been made under subsection (2)(a) or (b), then, until a transfer or disposal is effected in accordance with the direction or until the restriction on the transfer or disposal is revoked (as the case may be) —

- (a) no voting rights may be exercised in respect of the specified shares unless the Authority expressly permits those rights to be exercised;
- (b) no shares of the merchant bank may be issued or offered (whether by way of rights, bonus or otherwise) in respect of the specified shares unless the Authority expressly permits the issue or offer; and
- (c) except in a liquidation of the merchant bank, no payment may be made by the merchant bank of any amount (whether by way of dividends or otherwise) in respect of the specified shares unless the Authority expressly authorises the payment.

[1/2020]

(4) Subsection (3) applies despite any provision of the Companies Act 1967 or anything contained in the memorandum or articles of association of the merchant bank.

[1/2020]

(5) A person who fails to comply with this section commits 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 of a day 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 of a day during which the offence continues after conviction.

[1/2020]

(6) In this section —

“associate”, in relation to a specified person, has the meaning given by section 15B(4)(c);

“indirect controller” has the meaning given by section 55W(3).

[1/2020]

### **Power of Authority to obtain information**

**55Z.**—(1) The Authority may, by written notice, direct any merchant bank in Singapore —

(a) to obtain from any of its shareholders any information relating to that shareholder which the Authority may require to ascertain or investigate into the control of shareholding or voting power in the merchant bank; and

(b) to provide the information to the Authority within the time specified in the written notice.

[1/2020]

(2) The information mentioned in subsection (1) includes information —

(a) as to whether the shareholder holds any share in the merchant bank as beneficial owner or as trustee; and

(b) if the shareholder holds the share as trustee, to indicate as far as the shareholder is able to, the person for whom the shareholder holds the share (either by name or by other particulars sufficient to identify the person) and the nature of the person’s interest.

[1/2020]

(3) The Authority may, by written notice, require any shareholder of a merchant bank in Singapore, 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 the merchant bank (called in this subsection and subsection (4) an interested person), to provide to the Authority the information specified in subsection (4) within any time that may be specified in the written notice.

[1/2020]

(4) The information mentioned in subsection (3) is information that the Authority may require to ascertain or investigate into the control of shareholding or voting power in the merchant bank, including —

- (a) whether the interested person holds that interest as beneficial owner or as trustee; and
- (b) if the interested person holds the interest as trustee, to indicate as far as the interested person is able to, the person for whom the interested person holds the interest (either by name or by other particulars sufficient to identify the person) and the nature of that person's interest.

[1/2020]

(5) A person commits an offence if the person —

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

[1/2020]

(6) Any person that commits 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 of a day 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 of a day during which the offence continues after conviction.

[1/2020]

(7) If a person claims, before providing any information to a merchant bank in Singapore under subsection (1) or to the Authority under subsection (3), that the information may tend to incriminate the person, the information is not admissible in evidence against the

person in criminal proceedings, except for proceedings for an offence under this section.

[1/2020]

### **Revocation of merchant bank licence**

**55ZA.**—(1) The Authority may by order revoke a merchant bank licence granted under section 55S or treated as granted under section 64 of the Banking (Amendment) Act 2020 —

- (a) if the Authority is satisfied that the merchant bank holding that licence —
  - (i) has ceased to transact all permitted business in Singapore;
  - (ii) has provided any information or document to the Authority that is false or misleading in any material particular in connection with its application —
    - (A) for a merchant bank licence under section 55S;  
or
    - (B) to be an approved financial institution under section 28(1) of the Monetary Authority of Singapore Act 1970;
  - (iii) if it is a merchant bank incorporated outside Singapore, has had its licence or authority to operate withdrawn by the supervisory authority that is responsible, under the laws of the country or territory where the merchant bank is incorporated, formed or established, for supervising the merchant 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 its depositors, customers or creditors, or has insufficient assets to

cover its liabilities to its depositors, customers, creditors or the public;

- (vi) is contravening or has contravened any provision of this Act;
  - (vii) has been convicted of an offence under this Act, or any of its directors or officers holding a managerial or executive position has been convicted of an offence under this Act; or
  - (viii) is contravening or has contravened any direction issued by the Authority under the Monetary Authority of Singapore Act 1970 or any provision of that Act;
- (b) if the Authority considers that it is in the public interest to do so —
- (i) upon the Authority exercising any power under section 49(2) as applied by section 55ZJ(1) in relation to the merchant bank;
  - (ii) upon the Minister exercising any power under Division 2, 3, 4 or 4A of Part 4B of the Monetary Authority of Singapore Act 1970 in relation to the merchant bank; or
  - (iii) on any other ground; or
- (c) where the merchant bank holding the licence is a foreign-owned merchant bank incorporated in Singapore — if the parent supervisory authority of the merchant bank has withdrawn the licence or authority to operate of the parent bank of the merchant bank.

[1/2020]

(2) Before revoking the licence of a merchant bank under subsection (1), the Authority must —

- (a) give written notice to the merchant bank of its intention to do so; and

- (b) require the merchant bank to show cause, within the time specified in the notice, as to why the licence should not be revoked.

[1/2020]

(3) If the merchant bank —

- (a) fails to show cause within the time specified in the notice or within an extended period of time allowed by the Authority in any particular case; or

- (b) fails to show sufficient cause,

the Authority may give written notice to the merchant bank of the revocation and the date on which the revocation is to take effect (called in this section the revocation date), and the date must be at least 21 days after the date of the notice.

[1/2020]

(4) An order for revocation made by the Authority takes effect on the revocation date specified in the notice issued under subsection (3), or any later date specified by the Authority by written notice to the merchant bank.

[1/2020]

(5) Any merchant bank whose licence has been revoked under this section may, within 21 days starting on the date of the notice mentioned in subsection (3), appeal in writing to the Minister whose decision is final.

[1/2020]

(6) If within the period specified in subsection (5), the merchant bank appeals in writing to the Minister, the order by the Authority to revoke the licence does not take effect unless the order is confirmed by the Minister or the appeal is dismissed by the Minister.

[1/2020]

(7) An appeal by a merchant bank under this section does not affect the exercise of any power —

- (a) by the Authority under section 49, 50, 51, 52 or 53 (as applied by section 55ZJ(1)) in relation to the merchant bank; or

- (b) by the Minister under Division 2, 3, 4 or 4A of Part 4B of the Monetary Authority of Singapore Act 1970, in relation to the merchant bank.

[1/2020]

### Application of provisions in Part 3

**55ZB.**—(1) Subject to section 55R and the modifications specified in subsection (2), sections 8, 10, 10A, 10B, 10C, 11A, 12, 13, 19 and 21 apply to or in relation to a merchant bank as those provisions apply to or in relation to a bank.

[1/2020]

- (2) The modifications mentioned in subsection (1) are —
- (a) subsection (2) of section 8 is omitted;
  - (b) the reference in section 10(1) to section 9 or 9A is to section 55T;
  - (c) the reference in section 10(1) to capital funds required to be maintained by a bank in Singapore is to capital funds required to be maintained by a merchant bank in Singapore;
  - (d) the reference in section 10B(2)(f)(ii) to a major stake as defined in section 32(7) is to a major stake as defined in section 55ZF(2)(a);
  - (e) the reference in section 11A to the Authority's refusal to grant a bank licence under section 7(3) is to the Authority's refusal to grant a merchant bank licence under section 55S(3)(b);
  - (f) the reference in section 12(1) to any business referred to in subsection (2) of section 12 is to any business whatsoever;
  - (g) subsection (2) of section 12 is omitted; and
  - (h) the reference in section 21(1) to section 20 is to section 55ZA.

[1/2020]



*Division 3 — Balance sheets and information***Maintenance of adequate provisions for bad and doubtful debts**

**55ZC.** Every merchant bank in Singapore must make provision for bad and doubtful debts and, before any profit or loss is declared, ensure that such provision is adequate.

[1/2020]

**Application of provisions in Part 4**

**55ZD.**—(1) Subject to section 55R, section 26 applies to or in relation to a merchant bank as it applies to or in relation to a bank, except that the reference in subsection (2)(b) of that section to every half-year or such other intervals as may be determined by the Authority is to an interval determined by the Authority.

[1/2020]

(2) Subject to section 55R and the modifications specified in subsection (3), sections 27 and 28 read with the Fifth Schedule (as applied by section 55ZL) apply to or in relation to a merchant bank in Singapore as those provisions apply to or in relation to a bank in Singapore.

[1/2020]

(3) The modifications mentioned in subsection (2) are —

(a) the following provision applies in place of section 27(4):

“A statement under subsection (1)(a) must be submitted to the Authority within a period specified by the Authority by written notice.”; and

(b) the following provision applies in place of section 27(5):

“A merchant bank that fails to comply with the provision mentioned in section 55ZD(3)(a) commits 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 of a day during which the offence continues after conviction.”.

[1/2020]

*Division 4 — Additional restrictions on  
business of merchant banks*

**Exposures and credit facilities resulting in concentration risk**

**55ZE.**—(1) The Authority may by written notice to a merchant bank in Singapore or a class of merchant banks in Singapore impose requirements that are necessary or expedient for the purposes of —

- (a) identifying any person or class of persons, where exposure of the merchant bank, or a merchant bank within the class of merchant banks, to the person or class of persons may result in concentration risk to the merchant bank; or
- (b) limiting the exposure of the merchant bank or a merchant bank within the class of merchant banks to any person or class of persons, where the exposure may result in concentration risk to the merchant bank.

[1/2020]

(2) Without limiting subsection (1), the Authority may in a notice under that subsection —

- (a) specify the limit on any exposure;
- (b) exclude any exposure from any limit;
- (c) specify the manner in which and process by which —
  - (i) any exposure is to be measured or aggregated; and
  - (ii) a person or class of persons mentioned in subsection (1)(a) or (b) is to be identified;
- (d) exclude any merchant bank or class of merchant banks from any requirement imposed under subsection (1);
- (e) vary any limit in a particular case;
- (f) require the merchant bank in Singapore or a merchant bank within the class of merchant banks in Singapore to report its exposures to the Authority; and
- (g) specify the manner in which and the times at which the merchant bank in Singapore or a merchant bank within the

class of merchant banks must report its exposures to the Authority.

[1/2020]

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

[1/2020]

(4) Any merchant bank that fails to comply with —

(a) any requirement imposed under subsection (1); or

(b) subsection (3),

commits 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 of a day during which the offence continues after conviction.

[1/2020]

(5) In this section, “exposure” has the meaning given in the Fifth Schedule as applied by section 55ZL.

[1/2020]

### **Application of provisions in Part 5**

**55ZF.**—(1) Subject to section 55R, section 29A read with the Fifth Schedule (as applied by section 55ZL) applies to or in relation to a merchant bank in Singapore or a class of merchant banks in Singapore as it applies to or in relation to a bank in Singapore or a class of banks in Singapore.

[1/2020]

(2) Subject to section 55R, section 32 applies to or in relation to a merchant bank in Singapore as it applies to or in relation to a bank in Singapore, subject to the following modifications:

(a) the following definition applies in place of the definition of “major stake” in section 32(7):

“ “major stake”, in relation to an entity, means —

(a) any beneficial interest exceeding 20% of the total number of issued shares or another measure corresponding to shares in a company that is prescribed;

- (b) control of more than 20% of the voting power or another measure corresponding to voting power in a company that is prescribed; or
- (c) any interest in the entity, by reason of which —
  - (i) the management of the entity is accustomed or under an obligation, (whether formal or informal) to act in accordance with the merchant bank's directions, instructions or wishes; or
  - (ii) the merchant bank is in a position to determine the policy of the entity;”;

(b) the following definition applies in place of the definition of “prohibited business” in section 32(7):

“ “prohibited business” means any business other than the businesses mentioned in section 55V.”.

[1/2020]

(3) The Authority may make regulations under section 78 to provide for the matters mentioned in section 35 in relation to a merchant bank in Singapore, and for this purpose, the reference in that section to a bank in Singapore is to a merchant bank in Singapore.

[1/2020]

#### *Division 5 — Minimum asset requirements*

#### **Application of provisions in Part 6**

**55ZG.**—(1) Subject to section 55R, section 38 read with the Fifth Schedule (as applied by section 55ZL) applies to or in relation to a merchant bank in Singapore or a class of merchant banks in Singapore as it applies to or in relation to a bank in Singapore or a class of banks in Singapore.

[1/2020]

(2) Subject to section 55R, section 40 applies to or in relation to a merchant bank in Singapore or a class of merchant banks in

Singapore as it applies to or in relation to a bank in Singapore or a class of banks in Singapore.

[1/2020]

*Division 6 — Powers of control over merchant banks, etc.*

**Regulation of interest rates of merchant banks**

**55ZH.**—(1) The Authority may from time to time determine and announce the rates of interest payable to or by merchant banks in Singapore, the rates of discount chargeable by merchant banks in Singapore, or the rates of commission and other charges payable to merchant banks in Singapore.

[1/2020]

(2) Any determination and announcement made under subsection (1) does not apply to any transaction between merchant banks in Singapore.

[1/2020]

**Privacy of customer information**

**55ZI.**—(1) Subject to section 55R and the modifications to the Third Schedule mentioned in subsection (2), section 47 and the Third Schedule apply to or in relation to a merchant bank in Singapore as they apply to or in relation to a bank in Singapore.

[1/2020]

(2) The modifications to the Third Schedule mentioned in subsection (1) are —

- (a) the following item applies in place of item 9 of Part 1 of the Third Schedule:

9. Disclosure is in compliance with the provisions of this Act, or any notice or directive issued by the Authority to merchant banks.	The Authority or any person authorised or appointed by the Authority.	
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- (b) the following item applies in place of item 4 of Part 2 of the Third Schedule:

<p>“ 4. Disclosure is solely in connection with —</p> <p>(a) the merger or proposed merger of the merchant bank with another company; or</p> <p>(b) any acquisition or issue, or proposed acquisition or issue, of any part of the share capital of the merchant bank,</p> <p>whether or not the merger or acquisition is subsequently entered into or completed.</p>	<p>Any person participating or otherwise involved in the merger, acquisition or issue, or proposed merger, acquisition or issue, including any of the person’s lawyers or other professional advisers (whether or not the merger or acquisition is subsequently entered into or completed).</p>	<p>”;</p>
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(c) items 6 and 10 of Part 2 of the Third Schedule are omitted; and

(d) the definitions of “deposit insurance and policy owners’ protection fund agency” and “insured depositor” in Part 3 of the Third Schedule are omitted.

[1/2020]

### Application of other provisions in Part 7

**55ZJ.**—(1) Subject to section 55R and the modifications mentioned in subsection (2), the provisions in Part 7 (except sections 41, 45(7) and 47) apply to or in relation to a merchant bank in Singapore as they apply to or in relation to a bank in Singapore.

[1/2020]

(2) The modifications mentioned in subsection (1) are a reference in section 45 to a parent bank is to a financial institution incorporated, formed or established outside Singapore of which a foreign-owned merchant bank incorporated in Singapore or merchant bank incorporated outside Singapore (as the case may be) is a subsidiary.

[1/2020]

*Division 7 — Transfer of business of merchant banks***Application of provisions in Part 7A**

**55ZK.**—(1) Subject to section 55R and the modifications mentioned in subsection (2), the provisions in Part 7A (except section 55P) apply in relation to the transfer of the business of a merchant bank in Singapore as those provisions apply in relation to the transfer of the business of a bank in Singapore.

[1/2020]

(2) The modifications mentioned in subsection (1) are —

(a) a reference to a transferee in sections 55A, 55B and 55C is to —

(i) a bank in Singapore, or a company that has applied for or will be applying for a bank licence under section 7(1)(a) to carry on banking business in Singapore; or

(ii) a merchant bank in Singapore or a company that has applied for or will be applying for a merchant bank licence under section 55S to carry on a permitted 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 the provisions of Part 7A as applied by subsection (1);

(b) the following provision applies in place of section 55B(1):

“A transferor may voluntarily transfer the whole or any part of its business (including any business that is not a permitted business) to a transferee, if —

(a) where the transferor is a merchant bank incorporated in Singapore — the Authority has consented to the transfer;

(b) where the transferor is a merchant 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 business that is permitted under the licence of the transferor; and
- (d) the Court has approved the transfer.”;

(c) the following provision applies in place of section 55C(6):

“If the transferee is not licensed as a bank or merchant bank, the Court may approve the transfer on terms that it takes effect only if the transferee becomes so licensed.”; and

- (d) the reference in section 55C(14)(b) to the transferee becoming licensed to carry on banking business in Singapore is to the transferee becoming licensed as a bank or a merchant bank.

[1/2020]

(3) The Minister may make regulations that are necessary or expedient for carrying out the purposes and provisions in Part 7A as applied by subsection (1) and for prescribing anything that may be required to be prescribed for the purposes of those provisions.

[1/2020]

### *Division 8 — Application of Fifth Schedule*

#### **Application of Fifth Schedule**

**55ZL.** Subject to section 55R, the Fifth Schedule applies to or in relation to a merchant bank or a merchant bank in Singapore as it applies to or in relation to a bank or a bank in Singapore, except that the reference to a major stake is to a major stake as defined in section 55ZF(2)(a).

[1/2020]



## PART 8

## 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;

“place of business”, in relation to a licensee, includes a head or main office, a branch, an agency, a mobile branch of the licensee, any office established and maintained for a limited period only, and any other place used by the licensee for the conduct of any business of the licensee.

[5/2016]

### **Restrictions on issuing and promoting credit card and charge card**

57.—(1) A person must not, 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 the person is a licensee.

(2) A person must not 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).

(3) A person must not, 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).

(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 is treated as an advertisement mentioned in subsection (3).

(5) Any advertisement issued outside Singapore is not treated as an advertisement mentioned 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.

(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 must be had to such considerations as may be prescribed.

(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 of a day 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 of a day during which the offence continues after conviction.
- (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 the person proves that —
- (a) the person received the advertisement for publication in the ordinary course of the person's business;
  - (b) the matters contained in the advertisement were not, wholly or in part, devised or selected by the person or by any other person under the person's direction or control; and
  - (c) the person did not know and had no reason for believing that the publication of the advertisement would constitute an offence.
- (9) Subsection (1) does 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.

### **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 must be made in such manner as may be required by the Authority.

(2) An application under subsection (1) must be accompanied by a non-refundable application fee of a prescribed amount, which must be paid in the manner specified by the Authority.

(3) The Authority may require an applicant to provide it with such information as it considers necessary in relation to the application.

### **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.

(2) The Authority may at any time add to, vary or revoke any condition or restriction of a licence.

(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 of a day during which the offence continues after conviction.

### **Licence fees**

**57C.**—(1) Every licensee must pay to the Authority such licence fees as may be prescribed.

(2) Any licence fee paid to the Authority under this Act must 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.

(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.

### **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.

(2) It is not necessary to publish any direction issued under subsection (1) in the *Gazette*.

[10/2013]

(3) The Authority may at any time vary or revoke any direction issued under subsection (1).

(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 of a day during which the offence continues after conviction.

### **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 provided 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.

(2) Upon the revocation of a licence under this section, the licensee must 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.

(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.

(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 of a day during which the offence continues after conviction.

### **Place of business**

**57EA.**—(1) Except with the approval of the Authority, a licensee must not —

- (a) open a new place of business in Singapore for the conduct of any business mentioned in subsection (2);
- (b) change the location of an existing place of business in Singapore for the conduct of any business mentioned in subsection (2); or
- (c) conduct any business mentioned in subsection (2) from the new place of business mentioned in paragraph (a) or the relocated place of business mentioned in paragraph (b).

[5/2016]

(2) Subsection (1) applies to the following businesses:

- (a) the business of issuing credit cards or charge cards;
- (b) such other business as may be prescribed.

[5/2016]

(3) An application for approval under subsection (1) must be made in such form and manner as the Authority may specify.

[5/2016]

- (4) On receiving an application, the Authority may —
- (a) approve the application, with or without conditions; or
  - (b) reject the application.

[5/2016]

(5) The Authority may at any time vary or revoke any existing condition, or impose conditions or additional conditions.

[5/2016]

(6) Any licensee who contravenes subsection (1) or fails to comply with any condition imposed under subsection (4) or (5) 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 of a day during which the offence continues after conviction.

[5/2016]

### **Information to be provided on business of issuing credit cards or charge cards**

- 57EB.**—(1) The Authority may, by written notice, require —
- (a) any licensee;
  - (b) any bank in Singapore; or
  - (c) any person prescribed under section 57(9),

to provide to the Authority such information or statement relating to its business of issuing credit cards or charge cards, at such time and in such manner as the Authority may specify, if, in the opinion of the Authority, it requires that information or statement for the proper discharge of its functions under this Act.

[5/2016]

(2) The Authority may require any information or statement submitted to it under subsection (1) to be accompanied by —

- (a) in the case of a bank —
  - (i) a certificate of the auditor appointed by the bank under section 58(1); or
  - (ii) a certificate of any auditor appointed by the Authority under section 58(3); or

- (b) in the case of any other person, a certificate of an auditor appointed by that person,

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

[5/2016]

(3) Any information received from any person under this section must be treated as secret by the Authority.

[5/2016]

(4) The Authority may disclose any information or statement received under this section if —

- (a) it is in the public domain;
- (b) it is disclosed in such a manner that the identity of the person who provided it cannot be ascertained;
- (c) the person who provided it, or the person from whom it is obtained, consents to the disclosure;
- (d) the person to whom the information or statement relates consents to the disclosure;
- (e) its disclosure 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; or
- (f) its disclosure is pursuant to any requirement under any written law or order of court in Singapore.

[5/2016]

(5) Nothing in this section prevents the Authority from preparing and publishing consolidated statements aggregating information provided under subsection (1).

[5/2016]

(6) Any person who fails to comply with a requirement under 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 not exceeding \$2,500 for every day or part of a day during which the offence continues after conviction.

[5/2016]



(7) Where a person mentioned in subsection (1)(a), (b) or (c), in purported compliance with a requirement in subsection (1) or (2), provides any information to the Authority, knowing or reckless that the information is false or misleading in a material particular, the person shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

[5/2016]

(8) Where a person mentioned in subsection (1)(a), (b) or (c) is guilty of an offence under subsection (6), any individual charged with the duty of securing the person's compliance with the requirement under subsection (1) or (2), and was in the position to discharge that duty, shall also be guilty of an offence and shall be liable on conviction —

(a) if the individual committed the offence wilfully, to a fine not exceeding \$12,500 or to imprisonment for a term not exceeding 12 months or to both; or

(b) if the individual did not commit the offence wilfully, to a fine not exceeding \$12,500.

[5/2016]

(9) Where a person mentioned in subsection (1)(a), (b) or (c) is guilty of an offence under subsection (7), any individual charged with the duty of securing the person's compliance with the requirement under subsection (1) or (2), and was in the position to discharge that duty, shall also be guilty of an offence and shall be liable on conviction —

(a) if the individual committed the offence wilfully, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both; or

(b) if the individual did not commit the offence wilfully, to a fine not exceeding \$125,000.

[5/2016]

(10) A person mentioned in subsection (1)(a), (b) or (c) who fails to take reasonable care that any information provided to the Authority in purported compliance with a requirement under subsection (1) or (2)

is accurate, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

[5/2016]

### **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.

(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.

(3) For the purposes of an inspection or investigation under this section, the licensee must 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.

(4) The books mentioned in subsection (3) must 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 the licensee.

(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).

(6) The remuneration and expenses of any auditor appointed under subsection (5) must be paid by the licensee.

(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 of a day during which the offence continues after conviction.

### **Appointment of chief executive officer and other persons**

**57FA.**—(1) A licensee incorporated in Singapore must obtain the prior approval of the Authority for the appointment of any of the following:

- (a) any director;
- (b) the chairperson of the board of directors;
- (c) the chief executive officer and the deputy chief executive officer;
- (d) a person holding a prescribed appointment in the licensee.

[1/2020]

(2) A licensee incorporated outside Singapore must obtain the prior approval of the Authority for the appointment of the following persons for each of its branches in Singapore:

- (a) the chief executive officer and the deputy chief executive officer;
- (b) a person holding a prescribed appointment in the branch.

[1/2020]

(3) Without limiting any other matter that the Authority may consider relevant, the Authority, in determining whether to grant its

approval under subsection (1) or (2), must have regard to whether the person is a fit and proper person to hold the office or appointment in accordance with the Guidelines on Fit and Proper Criteria.

[1/2020]

(4) The Authority may —

- (a) grant its approval under subsection (1) or (2), with or without conditions; and
- (b) at any time vary or revoke any existing condition or impose conditions or additional conditions.

[1/2020]

(5) Without limiting section 78, the Authority may by regulations made under section 78 prescribe —

- (a) the duties of a person appointed under subsection (1) or (2); and
- (b) the maximum term for which a person appointed under subsection (1) or (2) may hold that office or appointment.

[1/2020]

(6) A licensee incorporated in Singapore must immediately inform the Authority after the licensee becomes aware that a person who holds an office or appointment mentioned in subsection (1) is, in accordance with the Guidelines on Fit and Proper Criteria, no longer a fit and proper person to hold that office or appointment.

[1/2020]

(7) A licensee incorporated outside Singapore must immediately inform the Authority after the licensee becomes aware that a person who holds an office or appointment mentioned in subsection (2) is, in accordance with the Guidelines on Fit and Proper Criteria, no longer a fit and proper person to hold that office or appointment.

[1/2020]

(8) Any licensee which contravenes subsection (1) or (2), or fails to comply with any condition imposed by the Authority under subsection (4), 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 of a day during which the offence continues after conviction.

[1/2020]

(9) Any licensee which contravenes subsection (6) or (7) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000.

[1/2020]

### **Disqualification or removal of director or executive officer**

**57FB.**—(1) Despite the provisions of any other written law —

- (a) a licensee incorporated outside Singapore must not, without the prior written consent of the Authority, permit a person to act as an executive officer of its branch in Singapore; and
- (b) a licensee incorporated in Singapore must not, without the prior written consent of the Authority, permit a person to act as its executive officer or director,

if the person —

- (c) has been convicted, whether in Singapore or elsewhere, of an offence whether committed before, on or after 1 October 2020, being an offence —
  - (i) involving fraud or dishonesty;
  - (ii) the conviction for which involved a finding that the person had acted fraudulently or dishonestly; or
  - (iii) that is specified in the Third Schedule to the Registration of Criminals Act 1949;
- (d) is an undischarged bankrupt, whether in Singapore or elsewhere;
- (e) has had execution against the person in respect of a judgment debt returned unsatisfied in whole or in part;
- (f) has, whether in Singapore or elsewhere, entered into a compromise or scheme of arrangement with the person's creditors, being a compromise or scheme of arrangement that is still in operation;

- (g) has had a prohibition order under section 68 of the Financial Advisers Act 2001, section 74 of the Insurance Act 1966 or section 101A of the Securities and Futures Act 2001 made against the person that remains in force; or
- (h) has been a director of, or directly concerned in the management of, a regulated financial institution, whether in Singapore or elsewhere —
  - (i) which is being or has been wound up by a court; or
  - (ii) the approval, authorisation, designation, recognition, registration or licence of which has been withdrawn, cancelled or revoked by the Authority or, in the case of a regulated financial institution in a foreign country or territory, by the regulatory authority in that foreign country or territory.

[1/2020]

(2) Despite the provisions of any other written law, where the Authority is satisfied that —

- (a) a director of a licensee incorporated in Singapore; or
- (b) an executive officer of a licensee,

is not a fit and proper person to be a director or an executive officer (as the case may be), the Authority may, by written notice to the licensee, direct the licensee to remove the director or executive officer from his or her office or employment within the period specified by the Authority in the notice, and the licensee must comply with the notice.

[1/2020]

(3) In assessing whether to direct a licensee to remove a director or an executive officer from his or her office or employment under subsection (2), the Authority may consider any matter which it considers relevant, including (but not limited to) whether —

- (a) he or she has wilfully contravened or wilfully caused the licensee to contravene any provision of this Act;
- (b) he or she has, without reasonable excuse, failed to secure the compliance of the licensee with this Act, the Monetary

Authority of Singapore Act 1970 or any of the written laws set out in the Schedule to that Act;

- (c) he or she has failed to discharge any of the duties of his or her office or employment; or
- (d) his or her removal is necessary in the public interest or for the protection of customers of the licensee.

[1/2020]

(4) Before directing a licensee to remove a person from the person's office or employment under subsection (2), the Authority must —

- (a) give the licensee and the person written notice of its intention to do so; and
- (b) in the notice mentioned in paragraph (a), call upon the licensee and the person to show cause, within the time specified in the notice, why the person should not be removed.

[1/2020]

(5) If the licensee and the person mentioned in subsection (4) —

- (a) fail to show cause within the time specified under subsection (4)(b) or within an extended period of time allowed by the Authority; or
- (b) fail to show sufficient cause,

the Authority may direct the licensee to remove the person under subsection (2).

[1/2020]

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

[1/2020]

(7) Any licensee which contravenes subsection (1) or 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 \$250,000 and, in the case of a continuing offence, to a further fine not

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

[1/2020]

(8) No criminal or civil liability is incurred by a licensee, or any person acting on behalf of the licensee, 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 licensee under this section.

[1/2020]

(9) In this section, unless the context otherwise requires —

“regulated financial institution” means a person carrying on a 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;

“regulatory authority”, in relation to a foreign country or territory, means an authority of the foreign country or territory exercising any function that corresponds to a regulatory function of the Authority under this Act, the Monetary Authority of Singapore Act 1970 or any of the written laws set out in the Schedule to that Act.

[1/2020]

### **Application and interpretation of sections 57FD and 57FE**

**57FC.**—(1) This section and sections 57FD and 57FE 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 and unincorporate, whether incorporated or carrying on business in Singapore or not.

[1/2020]

(2) In sections 57FD and 57FE —

“arrangement” includes any formal or informal scheme, arrangement or understanding, and any trust whether express or implied;

“licensee” means a person who is granted a licence under section 57B and is incorporated in Singapore.

[1/2020]



**Control of shareholdings and voting power in licensee**

**57FD.**—(1) A person must not, on or after 1 October 2020, become a 20% controller of a licensee without first obtaining the approval of the Authority.

[1/2020]

(2) Subject to section 57FE(5), a person who, immediately before 1 October 2020, is a 20% controller of a licensee must not continue to be such a controller unless the person has, within 6 months after 1 October 2020 or a longer period allowed by the Authority, applied to the Authority for approval to continue to be such a controller.

[1/2020]

(3) In this section, “20% controller” means a person who, alone or together with the person’s associates —

- (a) holds at least 20% of the total number of issued shares in the licensee; or
- (b) is in a position to control voting power of at least 20% in the licensee.

[1/2020]

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

- (a) a person holds a share if —
  - (i) the person is deemed to have an interest in that share under section 7 of the Companies Act 1967; or
  - (ii) the person 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 1967;
- (b) a reference to the control of a percentage of the voting power in a licensee 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 licensee; 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, stepson or stepdaughter or a brother or sister, of *B*;
  - (ii) *A* is a body corporate that is, or a majority of 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 *B*;
  - (iii) *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*;
  - (iv) *A* is a subsidiary of *B*;
  - (v) *A* is a body corporate in which *B*, alone or together with other associates of *B* as described in sub-paragraphs (ii), (iii) and (iv), is in a position to control at least 20% of the voting power in *A*; or
  - (vi) *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 licensee.

[1/2020]

### **Approval of applications**

**57FE.**—(1) The Authority may approve an application made by any person under section 57FD 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 licensee will or will continue to conduct its business prudently and comply with the provisions of this Act; and

- (b) the Authority is satisfied that it is in the public interest to do so.

[1/2020]

(2) Any approval under this section may be granted to any person subject to any conditions imposed by the Authority, including but not limited to any condition —

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

[1/2020]

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

[1/2020]

(4) Any condition imposed under subsection (2) has effect despite any of the provisions of the Companies Act 1967 or anything contained in the memorandum or articles of association of the licensee.

[1/2020]

(5) Where the Authority disapproves an application made by any person under section 57FD(2), the person must, within the time specified by the Authority, take such steps as are necessary to cease to be a 20% controller.

[1/2020]

### **Non-application of this Part**

**57G.** This Part does 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.

PART 9  
MISCELLANEOUS

**Auditing**

**58.**—(1) Despite the provisions of the Companies Act 1967, every bank must —

- (a) on an annual basis, appoint an auditor and obtain the approval of the Authority to such appointment; and
- (b) where, for any reason, the auditor ceases to act for the bank, as soon as practicable thereafter, appoint another auditor and obtain the approval of the Authority to such appointment.

*[5/2016]*

(2) An auditor must not be approved by the Authority as an auditor for a bank unless the auditor is able to comply with such conditions in relation to the discharge of the auditor's duties as the Authority may determine.

*[5/2016]*

(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) are —

- (a) to carry out, for the year in respect of which the auditor is appointed, an audit of the accounts of the bank; and
- (b) to —
  - (i) in the case of a bank incorporated in Singapore, make a report in respect of its latest financial statements or, where the bank is a parent company for which consolidated financial statements are prepared,

consolidated financial statements, in accordance with section 207 of the Companies Act 1967; or

- (ii) in the case of a bank incorporated outside Singapore, make a report on its latest annual balance sheet and profit and loss account together with any notes thereon showing the assets and liabilities and profit or loss arising out of the bank's operations in Singapore which complies with section 207 of the Companies Act 1967.

[35/2014]

(5) The Authority may, by written notice, 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 the auditor's audit as the Authority considers necessary;
- (b) a duty to enlarge or extend the scope of the auditor's 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 mentioned in paragraphs (b) and (c).

[5/2016]

(5A) An auditor to whom a notice is given under subsection (5) must comply with each direction specified in the notice.

[5/2016]

(6) The bank must remunerate the auditor in respect of the discharge by the auditor of all or any of the additional duties mentioned in subsection (5).

(6A) Despite any other provision of this Act or the provisions of the Companies Act 1967, the Authority may, if it is not satisfied with the performance of any duty by an auditor of a bank, at any time —

- (a) direct the bank to remove the auditor; and
- (b) direct the bank to appoint another auditor approved by the Authority, as soon as practicable after the removal,

and the bank must comply with the directions.

[5/2016]

(7) The auditor's report made under subsection (4) must be attached to the balance sheet and the profit and loss account, the financial statements or the consolidated financial statements (as the case may be) and a copy thereof together with any report submitted under subsection (5) must be transmitted in writing to the Authority.

(8) If an auditor, in the course of the performance of the auditor's 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) in the case of a bank incorporated in Singapore — losses have been incurred which reduce the capital funds of the bank by at least 50%;
- (c) serious irregularities have occurred, including irregularities that jeopardise the security of the creditors of the bank;
- (d) the auditor is unable to confirm that the claims of creditors of the bank are still covered by the assets; or
- (e) any development has occurred or is likely to occur which has materially and adversely affected, or is likely to materially and adversely affect, the financial soundness of the bank,

the auditor must immediately report the matter to the Authority.

[5/2016; 1/2020]

(9) In this section, “consolidated financial statements” and “financial statements” have the meanings given by section 209A of the Companies Act 1967.

[35/2014]

(10) Where an auditor discloses in good faith to the Authority —

- (a) any information mentioned in subsection (5)(a) or report mentioned in subsection (5)(d);
- (b) any of the matters mentioned in subsection (8); or

(c) any information in support of that matter,

the disclosure is not to be treated as a breach of any restriction on the disclosure imposed by any law, contract or rules of professional conduct, and the auditor is not liable for any loss arising from the disclosure or any act or omission as a result of the disclosure.

[5/2016]

(11) A 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 not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

[5/2016]

(12) A bank which fails to comply with a direction under subsection (6A) 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 of a day during which the offence continues after conviction.

[5/2016]

(13) Any auditor who fails to carry out any duty mentioned in subsection (4), or who fails to comply with subsection (5A) or (8), 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 of a day during which the offence continues after conviction.

[5/2016]

(14) This section applies to or in relation to a merchant bank, a merchant bank incorporated in Singapore and a merchant bank incorporated outside Singapore as the section applies to or in relation to a bank, a bank incorporated in Singapore and a bank incorporated outside Singapore.

[1/2020]

## **Clearing House settlements and control over Clearing House**

**59.** In order to facilitate the clearing of cheques and other credit instruments for banks, merchant banks and other financial institutions approved by the Authority, the Authority must, in conjunction with

such banks, merchant banks and institutions, by regulations, establish a Clearing House.

[1/2020]

### **Declaration of holidays**

**60.**—(1) The Authority may, at any time by notice published in the *Gazette*, declare any day or days as a bank holiday or holidays, and prohibit banks in Singapore or merchant banks in Singapore from conducting, during the bank holiday or holidays —

- (a) such activities as may be specified in the notice; or
- (b) all activities other than such activities as may be specified in the notice.

[5/2016; 1/2020]

(2) [*Deleted by Act 5 of 2016*]

(3) A bank holiday declared under subsection (1) is not necessarily a public holiday and nothing in this section affects 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 is in force in Singapore includes —

- (a) any day declared to be a bank holiday under this section; and
- (b) any day which is a public holiday within the meaning of any written law which is in force in Singapore relating to public holidays.

(5) Any bank or merchant bank which contravenes any prohibition under a notice mentioned in 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 of a day during which the offence continues after conviction.

[5/2016; 1/2020]

(6) In this section, “day” includes a part of a day.

[5/2016]



### 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 are available to meet all liabilities in Singapore of the bank specified in section 62(1).

(2) The liabilities in Singapore of the bank specified in section 62(1) have priority over all unsecured liabilities of the bank other than the preferential debts specified in section 203(1) of the Insolvency, Restructuring and Dissolution Act 2018.

[40/2018]

### Priority of specified liabilities inter se

**62.**—(1) Despite 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, among 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;
- (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;
- (c) thirdly, deposit liabilities incurred by the bank with non-bank customers other than those specified in paragraph (b), which are incurred —
  - (i) in Singapore dollars; or
  - (ii) on terms under which the deposit liabilities may be discharged by the bank in Singapore dollars;
- (d) fourthly, deposit liabilities incurred by the bank with non-bank customers other than liabilities mentioned in paragraphs (b) and (c);
- (e) fifthly, any sum claimed by the trustee of a resolution fund (within the meaning of section 98 of the Monetary

Authority of Singapore Act 1970) from the bank under section 103, 104, 105 or 106 of that Act.

*[15/2011; 5/2016; 31/2017; 1/2020]*

- (2) The liabilities in each class specified in subsection (1) —
- (a) rank in the order specified in subsection (1) but as between liabilities of the same class 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 abate in equal proportions between themselves.
- (3) For the purposes of this section, “deposit liabilities”, in relation to 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 —
- (c) in the case of a bank incorporated in Singapore, liabilities of the bank arising from loans —
    - (i) granted by creditors whose claims are fully subordinated to the claims of all un-subordinated creditors; and
    - (ii) the terms of which comply with the criteria for the treatment of the liabilities as capital in determining whether the bank complies with the capital adequacy requirements under section 10, whether or not the entire amount of such liabilities is treated as capital in the determination; and

- (d) liabilities of the bank in respect of such other product as may be prescribed.

[5/2016; 1/2020]

(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.

(4A) To avoid doubt, any liability of a bank excluded from the definition of “deposit liabilities” in subsection (3) ranks *pari passu* with all other unsecured liabilities of the bank.

[1/2020]

(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]

### **Priorities for set-off in winding up of bank**

**62A.**—(1) Despite 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 must first set-off a depositor’s liabilities to the bank against any deposit of the depositor placed with the bank that is accepted —

- (a) in Singapore dollars; or
- (b) on terms under which the deposit may be repaid by the bank in Singapore dollars.

[1/2020]

- (2) In this section, “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) any other prescribed product.

[1/2020]

### **Priority of specified liabilities for merchant banks**

**62B.**—(1) Where a merchant bank becomes unable to meet its obligations, becomes insolvent or suspends payment, the assets of that merchant bank in Singapore are available to meet all liabilities in Singapore of the merchant bank specified in subsection (3).

[1/2020]

(2) The liabilities in Singapore of the merchant bank specified in subsection (3) have priority over all unsecured liabilities of the merchant bank other than preferential debts specified in section 328(1) of the Companies Act 1967.

[1/2020]

(3) Despite the provisions of any written law or rule of law relating to the winding up of companies, in the event of the winding up of a merchant bank, the following liabilities in Singapore of the merchant bank rank in the following order of priority:

- (a) firstly, any deposit liabilities incurred by the merchant bank with non-bank customers;
- (b) secondly, any sum claimed by the trustee of a resolution fund (within the meaning of section 98 of the Monetary Authority of Singapore Act 1970) from the merchant bank under section 103, 104, 105 or 106 of that Act.

[1/2020]

- (4) The liabilities in each paragraph specified in subsection (3) —
- (a) rank in the order specified in that subsection, but as between all liabilities that fall within the same paragraph of that subsection, such liabilities rank equally between themselves; and
  - (b) must be paid in full unless the assets of the merchant bank in Singapore are insufficient to meet them in which case the liabilities abate in equal proportions between themselves.

[1/2020]

(5) For the purposes of this section, “deposit liabilities” has the meaning given in section 62(3) and (4) with each reference to a bank substituted with a merchant bank.

[1/2020]

(6) To avoid doubt, any liability of a merchant bank excluded from the definition of “deposit liabilities” in section 62(3) and (4) as applied by subsection (5) ranks *pari passu* with all other unsecured liabilities of the merchant bank.

[1/2020]

### **Redemption of securities held by bank or merchant 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 must —

- (a) publish in the *Gazette* a notice requiring every debtor of the bank to redeem any property the debtor has deposited with the bank as security for any loan that the debtor 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 141 of the Insolvency, Restructuring and Dissolution Act 2018.

[40/2018; 1/2020]

(2) The notice must specify the latest date up to which any security may be redeemed, which date must not be less than 3 months from the date of the notice.

(3) This section applies to or in relation to a merchant bank as it applies to or in relation to a bank.

[1/2020]

### **Execution of instruments under seal**

**64.**—(1) Despite 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 affecting anything in those articles or regulations not inconsistent with this section, the seal of the bank must 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) must sign every instrument to which the seal of the company is so affixed in their presence.

(3) This section applies to or in relation to a merchant bank incorporated in Singapore as it applies to or in relation to a bank incorporated in Singapore.

[1/2020]

### **Power of Authority to secure compliance with Act**

**65.**—(1) A bank in Singapore, if called upon at any time by the Authority in writing to do so, must satisfy the Authority by the production of such evidence or information as the Authority may require, that the bank is not in contravention of any of the provisions of, or any regulation, notice or direction made or issued under, section 10, 10A, 10C, 23, 27, 29, 29A, 31, 32, 33, 35, 38, 39, 40, 42 or this section.

[5/2016; 1/2020]

(2) Without affecting sections 10, 10A, 10C, 23, 27, 29, 29A, 31, 32, 33, 35, 38, 39, 40 and 42 or any other subsection of this section, the Authority may, for the purpose of securing compliance with any of those provisions, or any regulation, notice or direction made or issued under any of those sections (other than this section), on a consolidated basis, from time to time by written notice, require any

bank to aggregate, in such manner as may be specified in the notice —

- (a) its assets, liabilities, profits or losses, and any other information whether or not on its balance sheet; and
- (b) the assets, liabilities, profits or losses, and any other information whether or not on the balance sheets of —
  - (i) the bank's related corporations; and
  - (ii) the entities in which the bank holds, directly or indirectly, a major stake as defined in section 32(7).

[5/2016; 1/2020]

(3) A notice under subsection (2) may vary a requirement of a notice issued under any of the sections mentioned in that subsection.

[5/2016]

(4) The bank must comply with the notice under subsection (2) within such time as may be specified in the notice.

[5/2016]

(5) Any bank which fails to comply with a 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 of a day during which the offence continues after conviction.

[5/2016]

(6) Any bank which contravenes subsection (4) shall be guilty of an offence and shall be liable on conviction to the same punishment as that provided for a contravention of the section of this Act, or of a notice or direction under the section of this Act, for the compliance with which the notice was given.

[5/2016]

### **Power of Authority to secure compliance by merchant bank**

**65A.**—(1) A merchant bank in Singapore must, if notified in writing at any time by the Authority to do so, produce any evidence or information that the Authority may require, to satisfy the Authority that the merchant bank is not in contravention of any of the provisions of, or any regulation, notice or direction made or issued under —

- (a) sections 10, 10A and 10C as applied by section 55ZB(1);
- (b) section 55ZC;
- (c) section 27 as applied by section 55ZD(2), read with the Fifth Schedule as applied by section 55ZL;
- (d) section 55ZE;
- (e) section 29A as applied by section 55ZF(1), read with the Fifth Schedule as applied by section 55ZL;
- (f) section 32 as applied by section 55ZF(2);
- (g) section 35 read with section 55ZF(3);
- (h) section 38 as applied by section 55ZG(1), read with the Fifth Schedule as applied by section 55ZL;
- (i) section 40 as applied by section 55ZG(2);
- (j) section 42 as applied by section 55ZJ(1); or
- (k) this section.

[1/2020]

(2) Without affecting any of the provisions mentioned in subsection (1)(a) to (j), the Authority may, for the purpose of securing compliance with any of those provisions, or any regulation, notice or direction made under any of those provisions, on a consolidated basis, from time to time by written notice, require any merchant bank to aggregate, within the time and in the manner specified in the notice —

- (a) the merchant bank's assets, liabilities, profits or losses, and any other information whether or not on its balance sheet; and
- (b) the assets, liabilities, profits or losses, and any other information whether or not on the balance sheets of —
  - (i) any of the merchant bank's related corporations; and
  - (ii) any entity in which the merchant bank holds, directly or indirectly, a major stake within the meaning of section 55ZF(2)(a).

[1/2020]



(3) A notice under subsection (2) may vary a requirement of a notice issued under any of the provisions mentioned in subsection (1)(a) to (j).

[1/2020]

(4) Any merchant bank that fails to comply with a 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 of a day during which the offence continues after conviction.

[1/2020]

(5) Any merchant bank that fails to comply with a requirement of the Authority under subsection (2) shall be guilty of an offence and shall be liable on conviction to the same punishment as that provided for a contravention of the section of this Act, or of a notice or direction under the section of this Act, for the compliance with which the notice was given.

[1/2020]

### **Offences by directors or executive officers and false or misleading information**

**66.**—(1) Subject to subsection (5), any director or executive officer of a bank in Singapore or merchant bank in Singapore who fails to take all reasonable steps to secure compliance by the bank or merchant bank (as the case may be) with any provision of this Act or any other written law applicable to banks in Singapore or merchant banks in Singapore (as the case may be) 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.

[1/2020]

(2) Any person who —

- (a) provides any information or document to the Minister or the Authority 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 reasonable care to ensure that the information or document is not false or misleading in any material particular,

shall, if the provision 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 —

- (c) 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

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

[5/2016]

(3) In any proceedings against a person under subsection (1) or (2), it is a defence for the person to prove that —

- (a) the person 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 merchant banks in Singapore (as the case may be), 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.

[1/2020]

(4) A person shall not be sentenced to imprisonment for any offence under subsection (1) or (2) unless, in the opinion of the court, the person committed the offence wilfully.

(5) Despite subsection (1), no director or executive officer shall be guilty of an offence under that subsection where the non-compliance by the bank or merchant bank with any provision of this Act or any other written law applicable to banks or merchant banks (as the case may be) results only in the imposition of a financial penalty on the bank or merchant bank, as the case may be.

[1/2020]

**Offences by directors, employees and agents**

**67.**—(1) 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.

[1/2020]

(2) Subsection (1) applies to any director, executive officer, trustee, auditor, employee or agent of a merchant bank in Singapore as the subsection applies to any director, executive officer, trustee, auditor, employee or agent of a bank in Singapore.

[1/2020]

**68.** [*Repealed by Act 24 of 2003*]

**Composition of offences**

**69.**—(1) The Authority may compound any offence under this Act that 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.

(1A) The Authority may compound any offence under this Act (including an offence under a provision which has been repealed) which —

(a) was compoundable under this section at the time the offence was committed; but

(b) has ceased to be so compoundable,

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 prescribed for that offence at the time it was committed.

[10/2013]

(2) On payment of the sum of money mentioned in subsection (1) or (1A), no further proceedings are to be taken against that person in respect of the offence.

[10/2013]

(3) The Authority may make regulations to prescribe the offences which may be compounded.

(4) All sums collected by the Authority under subsection (1) or (1A) must be paid into the Consolidated Fund.

[10/2013]

### **Publication of information on banks and merchant banks**

**70.**—(1) The Authority is to publish and maintain on its website at all times, a list of banks and a list of merchant banks licensed under this Act.

[5/2016; 1/2020]

(2) If any licence is issued, revoked or surrendered, or the name of any bank or merchant bank is changed, the Authority is to publish notice of this in the *Gazette*.

[5/2016; 1/2020]

### **General penalty**

**71.** Any bank or merchant 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 of a day during which the offence continues after conviction.

[1/2020]

### **Offences triable in District Court**

**72.** Despite the provisions of any other written law, offences under this Act may be tried in a District Court, which has 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 may be instituted except with the consent of the Public Prosecutor.

[15/2010]

### **Recovery of fees, expenses, etc.**

**74.—(1)** There is 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; and
- (b) any remuneration and expenses payable by the bank to —
  - (i) an auditor appointed under sections 44A(3) and 46B(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 7A.

[10/2013; 5/2016]

(1A) The Authority may recover as a civil debt due to the Authority from a merchant bank —

- (a) the amount of any fees payable by the merchant bank under sections 8 and 13 as applied by section 55ZB(1); and
- (b) any remuneration and expenses payable by the merchant bank to —
  - (i) an auditor appointed under sections 44A(3) and 46B(3) as applied by section 55ZJ(1);
  - (ii) a statutory adviser appointed under section 49(2)(b) as applied by section 55ZJ(1);
  - (iii) a statutory manager appointed under section 49(2)(c) as applied by section 55ZJ(1);
  - (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 merchant bank under section 49 as applied by section 55ZJ(1); and
  - (v) any person appointed to perform any independent assessment under section 55B(4) as applied by section 55ZK(1).

[1/2020]

(1B) The Authority may recover on behalf of the Government —

- (a) any financial penalty imposed under section 38(7) or 39(7) on a bank; or
- (b) any financial penalty imposed under section 38(7) as applied by section 55ZG(1) on a merchant bank,

as though the financial penalty were a civil debt due to the Authority.

[1/2020]

(2) Any remuneration and expenses payable by a licensee defined in section 56 to an auditor appointed under section 57F(5) is recoverable as a civil debt due to the Authority from the licensee.

(3) Despite any provision in the Limitation Act 1959, an action to recover any financial penalty recoverable by virtue of this section must not be brought after the end of 3 years from the date on which the cause of action accrued.

**Power to refund, reduce, etc., financial penalty**

**74A.** The Authority may, of its own motion, review any financial penalty imposed on a bank under section 38(7) or 39(7) or on a merchant bank under section 38(7) as applied by section 55ZG(1), 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.

[1/2020]

**Operation of this Act not to affect Companies Act 1967**

**75.—(1)** Nothing in this Act affects the operation of the Companies Act 1967, and any bank or merchant bank that is liable to be incorporated under that Act continues to be so liable as if this Act had not been passed.

[1/2020]

(2) In case of conflict between the Companies Act 1967 and this Act, the provisions of this Act 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 an adult member or employee of the person's family or household at the person's last known place of residence;
- (b) by leaving it at the person's 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 the person's 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 similar 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.

(2) Any notice, order or document sent by registered post to any person in accordance with subsection (1) is 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.

(3) When proving service of the notice, order or document mentioned in subsection (2), it is 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.

### **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.

(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.

(3) Despite section 75A, where any person has given the person's consent for any document to be served on the person 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.

(4) Where a person has given the person's consent for a document to be served on the person through the electronic service, the document is deemed to have been served at the time when an electronic record of the document enters the person's account with the electronic service.



(5) Despite 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,

is admissible as evidence of the facts stated or contained therein if that electronic record, copy or print-out —

- (c) is certified by the Authority to contain all or any information served through the electronic service in accordance with this section; and
- (d) is duly authenticated in the manner specified in subsection (7) or is otherwise authenticated in the manner provided in the Evidence Act 1893 for the authentication of computer output.

(6) To avoid 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,

is not inadmissible in evidence merely because the document was served without the delivery of any equivalent document or counterpart in paper form.

(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, is 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.

(8) Where the electronic record of any document, or a copy or print-out of that electronic record, is admissible under subsection (5), it is presumed, until the contrary is proved, that the electronic record, copy or print-out accurately reproduces the contents of that document.

(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.

(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 meaning given by section 2 of the Electronic Transactions Act 2010.

## **Exemption**

**76.** Nothing in this Act is to 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 mentioned in Part 8) for which the

person is registered or licensed under the following respective Act corresponding to that person:

- (a) any business of pawnbroking carried on by a person licensed under the Pawnbrokers Act 2015;
- (b) any finance company licensed under the Finance Companies Act 1967.

[23/2008; 2/2015]

### **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.

(2) The Authority may, on the application of any person, by written notice, 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.

(3) An exemption under subsection (2) —

- (a) may be granted subject to such conditions as the Authority may specify by written notice; and
- (b) need not be published in the *Gazette*.

(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.

**77.** [Repealed by Act 1 of 2020]

### **Amendment of Schedules**

**77A.**—(1) The Minister may by order in the *Gazette*, amend, add to or vary the Fourth or Fifth Schedule.

(2) The Minister may, in any order under subsection (1), make such incidental, consequential or supplementary provisions as may be necessary or expedient.

(3) Any order made under subsection (1) must be presented to Parliament as soon as possible after publication in the *Gazette*.

## 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.

(2) Without limiting 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.

(3) Without affecting 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 or merchant banks in Singapore, their related corporations or other entities in which the banks or merchant banks acquire or hold (directly or indirectly) a major stake as defined in section 32(7) or section 55ZF(2)(a), as the case may be;
- (b) the prohibition or restriction on mutual holding of shares or other interests between the banks and their related corporations or other entities mentioned in paragraph (a), or between the merchant banks and their related corporations or other entities mentioned in paragraph (a); and
- (c) the risk management —
  - (i) of banks, whether or not relating to banking business; and
  - (ii) of merchant banks, whether or not relating to a permitted business.

[1/2020]

(4) Regulations made under this section may relate to all, or any class, category or description of persons, banks or merchant banks, and may make different provisions for different classes, categories or descriptions of persons, banks or merchant banks or to a particular person, bank or merchant bank or of general or specifically limited application.

[1/2020]

(5) Except as otherwise expressly provided in this Act, regulations made under this section may provide that any contravention of any of those regulations is an offence punishable —

- (a) in the case of an individual, with a fine not exceeding \$50,000 or with imprisonment for a term not exceeding 2 years or with both and, in the case of a continuing offence, with a further fine not exceeding \$5,000 for every day or part of a day during which the offence continues after conviction; or
- (b) in any other case, with a fine not exceeding \$100,000 and, in the case of a continuing offence, with a further fine not exceeding \$10,000 for every day or part of a day during which the offence continues after conviction.

[5/2016]

(6) Regulations made under subsection (3)(c) may provide that a contravention of any of those regulations shall be an offence punishable —

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

[5/2016]

**Transitional licensing provisions**

**79.** Despite sections 4 and 9, any bank specified in the First Schedule which on 1 January 1970 was carrying on banking business in Singapore is, as from 1 January 1971, 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
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)

FIRST SCHEDULE — *continued*

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.

## 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” is to 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 1967;

SECOND SCHEDULE — *continued*

“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 are, by virtue of section 14C and this Schedule and without further assurance, transferred to and vest in the Bank as if in all respects the Bank were the same person in law as the existing banks.

(2) The production of a copy of the certificate of approval issued under section 14A(1) is, on and after the effective date, 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 must, 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 are as from that date 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 operates to substitute the Bank for the existing bank which was the employer thereunder immediately before the effective date.



SECOND SCHEDULE — *continued***Banking business**

4. Without limiting paragraphs 2 and 3, the following provisions 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 is transferred to the Bank on the effective date and becomes 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, unless and until revoked or cancelled, applies and has effect in relation to the account after its transfer to the Bank, except that nothing in this sub-paragraph affects any right of the 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 is transferred or deemed to be transferred to the Bank on the effective date and is to 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 as from that date is to 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 is, 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, 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;
- (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 is 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

SECOND SCHEDULE — *continued*

document, goods or property is 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 is, on the effective date, pending or existing by, against or in favour of an existing bank must 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.

**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 must, 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 4 of Evidence Act 1893**

7.—(1) Despite the transfer of the undertakings of the existing banks to the Bank under and in the terms of this Schedule, the provisions of Part 4 of the Evidence Act 1893 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) In 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.

**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 is, on and after the effective date and except where the context otherwise requires, to be read and construed and to have effect as a reference to the Bank.

(2) Without limiting 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 does not fail by reason of anything in this

SECOND SCHEDULE — *continued*

Schedule but is, as from the effective date, to be read and construed and to 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 is, by virtue of this Schedule, 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 1967.

(2) On the day mentioned in sub-paragraph (1), all documents required to be kept by the existing bank pursuant to the provisions of the Companies Act 1967, by virtue of this Schedule, are transferred to and vest in the Bank.

## THIRD SCHEDULE

Section 47

## DISCLOSURE OF INFORMATION

## PART 1

## FURTHER DISCLOSURE NOT PROHIBITED

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<b>Purpose for which customer information may be disclosed</b>	<b>Persons to whom information may be disclosed</b>	<b>Conditions</b>
1. Disclosure is permitted in writing by the customer or, if he or she is deceased, his or her appointed personal representative.	Any person as permitted by the customer or, if he or she is deceased, his or her 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 —  (a) where the customer is an individual, the bankruptcy of the customer; or	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>

THIRD SCHEDULE — *continued*

<p>(b) where the customer is a body corporate, the winding up of the customer.</p>		
<p>4. Disclosure is solely with a view to the institution of, or solely in connection with, the conduct of proceedings —</p> <p>(a) between the bank and the customer or the customer's surety relating to the banking transaction of the customer;</p> <p>(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</p> <p>(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 the customer's surety.</p>	<p>All persons to whom the disclosure is necessary for the purpose specified in the first column.</p>	<p><i>Note: Court may order the proceedings to be held in camera [see section 47(3) and (4)].</i></p>
<p>5. Disclosure is necessary for —</p> <p>(a) compliance with an order or request made under any specified written law to provide</p>	<p>Any police officer or public officer duly authorised under the specified written law to carry out the investigation or prosecution or to receive the complaint or report, or any court.</p>	

THIRD SCHEDULE — *continued*

<p>information, for the purposes of an investigation or prosecution, of an offence alleged or suspected to have been committed under any written law; or</p> <p>(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.</p>		
<p>6. Disclosure is necessary for compliance with a garnishee order served on the bank attaching moneys in the account of the customer.</p>	<p>All persons to whom the disclosure is required to be made under the garnishee order.</p>	
<p>7. Disclosure is necessary for compliance with an order of the Supreme Court or a Judge sitting in the Supreme Court pursuant to the powers conferred under Part 4 of the Evidence Act 1893.</p>	<p>All persons to whom the disclosure is required to be made under the court order.</p>	
<p>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.</p>	<p>The parent supervisory authority of the bank incorporated outside Singapore or the foreign-owned bank incorporated in Singapore, as the case may be.</p>	<p>(a) Deposit information must not be disclosed to the parent supervisory authority.</p> <p>(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</p>

THIRD SCHEDULE — *continued*

		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.	

## PART 2

## FURTHER DISCLOSURE PROHIBITED

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<b>Purpose for which customer information may be disclosed</b>	<b>Persons to whom information may be disclosed</b>	<b>Conditions</b>
<p>1. Disclosure is solely —</p> <p>(a) in connection with the performance of duties as an officer or a professional adviser of the bank; or</p> <p>(b) to enable an auditor appointed or engaged by a 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, to make certain disclosures.</p>	<p>(a) For the purpose of item 1(a) in the first column —</p> <p>(i) an officer of the bank in Singapore;</p> <p>(ii) an 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>(iii) a lawyer, consultant or other professional adviser appointed or engaged by the bank in Singapore</p>	<p>(a) Disclosure must not be made to any auditor referred to in paragraph (a)(iv) of the second column, other than an auditor appointed or engaged by the bank in Singapore, unless the auditor has given to the bank a written undertaking that the auditor will not disclose any customer information obtained by the auditor in the course of the performance of audit to any person other than —</p> <p>(i) the head office of the bank in Singapore;</p> <p>(ii) in the case of a foreign-owned bank incorporated in Singapore,</p>

THIRD SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<b>Purpose for which customer information may be disclosed</b>	<b>Persons to whom information may be disclosed</b>	<b>Conditions</b>
	<p>under a contract for service; or</p> <p>(iv) an 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> <p>(b) For the purpose of item 1(b) in the first column —</p> <p>(i) the head office of the bank in Singapore, where the head office receives information from an auditor under paragraph (a) (iv);</p> <p>(ii) in the case of a foreign-owned bank incorporated in Singapore, its parent bank, where the parent bank receives</p>	<p>its parent bank;</p> <p>(iii) an employee of the Accounting and Corporate Regulatory Authority appointed as a reviewer under section 35 of the Accountants Act 2004 to carry out a practice review of the auditor.</p> <p>(b) The disclosure by any auditor to any person mentioned in paragraph (b)(iii) of the second column is subject to any conditions specified in a notice issued by the Authority to the auditor.</p>

THIRD SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<b>Purpose for which customer information may be disclosed</b>	<b>Persons to whom information may be disclosed</b>	<b>Conditions</b>
	<p>information from an auditor under paragraph (a) (iv); or</p> <p>(iii) any employee of the Accounting and Corporate Regulatory Authority who is appointed under section 35 of the Accountants Act 2004 to carry out a practice review of an auditor, where the employee receives information from the auditor under paragraph (a) (iv).</p>	
<p>2. Disclosure is solely in connection with the conduct of internal audit of the bank or the performance of risk management.</p>	<p>In the case of —</p> <p>(a) a bank incorporated outside Singapore —</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</p>	



THIRD SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<b>Purpose for which customer information may be disclosed</b>	<b>Persons to whom information may be disclosed</b>	<b>Conditions</b>
	<p>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>	
3. Disclosure is solely in connection with the performance of operational functions of the bank where such operational functions have been out-sourced.	Any person including the head office of the bank or any branch thereof outside Singapore which is engaged by the bank to perform the out-sourced functions.	The disclosure is subject to such conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.

THIRD SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<b>Purpose for which customer information may be disclosed</b>	<b>Persons to whom information may be disclosed</b>	<b>Conditions</b>
<p>4. Disclosure is solely in connection with —</p> <p>(a) the merger or proposed merger of the bank or its financial holding company with another company; or</p> <p>(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,</p> <p>whether or not the merger or acquisition is subsequently entered into or completed.</p>	<p>Any person participating or otherwise involved in the merger, acquisition or issue, or proposed merger, acquisition or issue, including any of the person's lawyers or other professional advisers (whether or not the merger or acquisition is subsequently entered into or completed).</p>	
<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 of Part 7A, whether or not the transfer is subsequently carried out or completed.</p>	<p>Any —</p> <p>(a) transferor or transferee, defined in section 55A;</p> <p>(b) person affected by the transfer;</p> <p>(c) professional adviser appointed by any person mentioned in paragraph (a) or (b); or</p> <p>(d) independent assessor appointed by the Minister or the Authority under section 55B.</p>	
<p>4B. Disclosure is solely in connection with the transfer or proposed transfer of the business of the bank to a company under Division 2 of Part 4B of the Monetary Authority of Singapore Act 1970, whether or not the transfer is subsequently carried out or completed.</p>	<p>Any —</p> <p>(a) transferor or transferee, defined in section 56 of the Monetary Authority of Singapore Act 1970;</p> <p>(b) person affected by the transfer;</p> <p>(c) professional adviser appointed by any person mentioned in</p>	

THIRD SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<b>Purpose for which customer information may be disclosed</b>	<b>Persons to whom information may be disclosed</b>	<b>Conditions</b>
	<p>paragraph (a) or (b); or</p> <p>(d) independent assessor appointed by the Authority under section 57 of the Monetary Authority of Singapore Act 1970.</p>	
<p>4C. Disclosure is solely in connection with the transfer or proposed transfer of the shares in the bank under Division 3 of Part 4B of the Monetary Authority of Singapore Act 1970, whether or not the transfer is subsequently carried out or completed.</p>	<p>Any —</p> <p>(a) transferor or transferee, defined in section 65 of the Monetary Authority of Singapore Act 1970;</p> <p>(b) professional adviser appointed by the transferor or transferee; or</p> <p>(c) independent assessor appointed by the Authority under section 66 of the Monetary Authority of Singapore Act 1970.</p>	
<p>4D. Disclosure is solely in connection with the restructuring or proposed restructuring of the share capital of the bank under Division 4 of Part 4B of the Monetary Authority of Singapore Act 1970, whether or not the restructuring is carried out or completed.</p>	<p>Any —</p> <p>(a) shareholder of the bank;</p> <p>(b) subscriber defined in section 68 of the Monetary Authority of Singapore Act 1970;</p> <p>(c) professional adviser appointed by the bank or any person mentioned in paragraph (a) or (b); or</p> <p>(d) independent assessor appointed by the Authority under</p>	

THIRD SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<b>Purpose for which customer information may be disclosed</b>	<b>Persons to whom information may be disclosed</b>	<b>Conditions</b>
	section 69 of the Monetary Authority of Singapore Act 1970.	
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 the person's lawyers or other professional advisers (whether or not the restructure, transfer or sale is subsequently entered into or completed).	Customer information, other than information relating to the relevant credit facilities, must not 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: <ul style="list-style-type: none"> <li>(a) the customer's name and identity;</li> <li>(b) the amount of the debt outstanding on the customer's credit or charge card;</li> <li>(c) the date of suspension or cancellation of the customer's credit or charge card, as the case may be.</li> </ul>
7. Disclosure is strictly necessary to — <ul style="list-style-type: none"> <li>(a) create a credit report by a licensed credit bureau of which the bank is an approved member; or</li> <li>(b) enable a licensed credit bureau of which the bank is an approved member to make a disclosure under — <ul style="list-style-type: none"> <li>(i) section 13(2)(b) of the Credit Bureau Act 2016; or</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>(a) The licensed credit bureau;</li> <li>(b) Any — <ul style="list-style-type: none"> <li>(i) approved member of the licensed credit bureau;</li> <li>(ii) person the disclosure to whom is permitted by notice under</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>(a) Deposit information must not be disclosed.</li> <li>(b) The disclosure by the licensed credit bureau to — <ul style="list-style-type: none"> <li>(i) the member mentioned in paragraph (b) (i) of the second column is strictly necessary to enable the</li> </ul> </li> </ul>

THIRD SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<b>Purpose for which customer information may be disclosed</b>	<b>Persons to whom information may be disclosed</b>	<b>Conditions</b>
(ii) section 16 of the Credit Bureau Act 2016.	<p>section 13(2) (b) of the Credit Bureau Act 2016; or</p> <p>(iii) third party under section 16(2) (b) of the Credit Bureau Act 2016,</p> <p>where the member, person or third party receives such information from the licensed credit bureau.</p>	<p>member to assess the creditworthiness of a customer of the member;</p> <p>(ii) the person mentioned in paragraph (b) (ii) of the second column is in accordance with the conditions specified in the notice; or</p> <p>(iii) the third party mentioned in paragraph (b) (iii) of the second column is made with the written consent of the data subject.</p>
7A. Disclosure is for a purpose permitted in a written notice by the Authority under section 33(3)(d) of the Credit Bureau Act 2016.	A licensed credit bureau of which the bank is an approved member.	<p>(a) Deposit information must not be disclosed.</p> <p>(b) The disclosure is in accordance with the conditions specified in the notice.</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 commercial transaction.	Any other bank or merchant bank in Singapore.	Customer information, other than information of a general nature and not related to the details of the customer's account with the bank, must not be disclosed.
9. <i>[Deleted by Act 26 of 2012]</i>		
10. Disclosure is solely in connection with the payment of compensation under the Deposit Insurance and Policy Owners'	(a) The deposit insurance and policy owners'	(a) The disclosure by the deposit insurance and policy owners'

THIRD SCHEDULE — *continued*

<i>First column</i>	<i>Second column</i>	<i>Third column</i>
<b>Purpose for which customer information may be disclosed</b>	<b>Persons to whom information may be disclosed</b>	<b>Conditions</b>
Protection Schemes Act 2011 to insured depositors or persons mentioned in section 22(7) of that Act.	<p>protection fund agency;</p> <p>(b) the Public Trustee; or</p> <p>(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 any act in connection with its functions under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011.</p>	<p>protection fund agency or the Public Trustee to any person mentioned in paragraph (c) of the second column is subject to such conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.</p> <p>(b) The disclosure by any person mentioned in paragraph (a), (b) or (c) of the second column to any other person mentioned in the same paragraph is subject to such conditions as may be specified in a notice issued by the Authority or otherwise imposed by the Authority.</p> <p>(c) The Public Trustee may disclose customer information to such persons or class of persons and subject to such conditions, as the Minister may determine.</p>

## PART 3

## 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;

THIRD SCHEDULE — *continued*

- “approved member” has the meaning given by section 2 of the Credit Bureau Act 2016;
- “credit report” has the meaning given by section 2 of the Credit Bureau Act 2016;
- “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;
- “insured depositor” has the meaning given by section 2(1) of the Deposit Insurance and Policy Owners’ Protection Schemes Act 2011;
- “lawyer” means an advocate and solicitor of the Supreme Court of Singapore, or any person who is duly authorised or registered to 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;
- “licensed credit bureau” has the meaning given by section 2 of the Credit Bureau Act 2016;
- “practice review” and “reviewer” have the meanings given by section 32 of the Accountants Act 2004;
- “public officer” includes any officer of a statutory board;
- “specified written law” means the Companies Act 1967, the Criminal Procedure Code 2010, the Goods and Services Tax Act 1993, the Hostage-Taking Act 2010, the Income Tax Act 1947, the Internal Security Act 1960, the Kidnapping Act 1961, the Moneylenders Act 2008 and the Prevention of Corruption Act 1960;
- “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.

[5/2010; 19/2010; 15/2011; 26/2012; 10/2013; 5/2016;  
27/2016; 31/2017; 40/2019; 1/2020]

## FOURTH SCHEDULE

Sections 3(1A) and 77A

## SPECIFIED PROVISIONS

1. Section 76A(2).

## FIFTH SCHEDULE

Sections 27(4), 28(8), 29(7), 38(9) and  
77A

## DEFINITIONS IN SECTIONS 27, 28, 29, 29A, 38 AND 39A

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 entity in which the bank acquires or holds, directly or indirectly, a major stake;
  - (ii) the parent bank of the bank and any entity 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 entity 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 entity 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 entity 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 entity 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;



FIFTH SCHEDULE — *continued*

- (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 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 firstmentioned 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;

“bank group”, in relation to a bank in Singapore, means a group comprising —

- (a) in the case of a bank incorporated in Singapore —
  - (i) every subsidiary of the bank;
  - (ii) every branch of the bank located outside Singapore; and
  - (iii) every other entity that is treated as part of the bank’s group of entities for accounting purposes according to Accounting Standards; or
- (b) in the case of branches and offices located within Singapore of a bank incorporated outside Singapore —
  - (i) every subsidiary of the bank that is reflected as an investment in the balance sheet of a branch of the bank located within Singapore; and

FIFTH SCHEDULE — *continued*

(ii) every other entity that —

(A) is treated as part of the bank's group of entities for accounting purposes according to Accounting Standards; and

(B) is reflected as an investment in the balance sheet of a branch of the bank located within Singapore;

“child” includes a stepchild and a child who has been de facto adopted by the person in question, whether or not such adoption has been registered in accordance with the provisions of any written law;

“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;

FIFTH SCHEDULE — *continued*

“key credit approver”, in relation to a bank in Singapore, means —

- (a) in the case of a bank incorporated in Singapore, any person who, whether alone or jointly with any other person or persons, has the highest level of authority to approve credit facilities that will be reflected in the balance sheet or profit and loss accounts of the bank incorporated in Singapore or any branch or entity in its bank group; and
- (b) in the case of branches and offices located within Singapore of a bank incorporated outside Singapore, any person who —
  - (i) whether alone or jointly with any other person or persons, has the highest level of authority to approve credit facilities that will be reflected in the balance sheet or profit and loss accounts of any branch of the bank located within Singapore or any branch or entity in the bank group of the branches and offices located within Singapore of the bank incorporated outside Singapore; and
  - (ii) takes part in the operations of the branches located within Singapore of the bank on a day to day basis;

“key credit approver group”, in relation to a bank in Singapore, means a group comprising —

- (a) any key credit approver of the bank;
- (b) any family member of a key credit approver of the bank;
- (c) any firm or limited liability partnership in or for which a key credit approver of the bank, or a family member of a key credit approver of the bank, is a partner, a manager, an agent, a guarantor or a surety;
- (d) any individual for whom a key credit approver of the bank, or a family member of a key credit approver of the bank, is a guarantor or a surety;
- (e) any company for which a key credit approver of the bank, or a family member of a key credit approver of the bank, is a guarantor or a surety;
- (f) any company of which a key credit approver of the bank, or a family member of a key credit approver of the bank, is an executive officer;

FIFTH SCHEDULE — *continued*

- (g) any company in which a key credit approver of the bank, or a family member of a key credit approver of the bank, owns more than half of the total number of issued shares, whether legally or beneficially;
- (h) any company in which a key credit approver of the bank, or a family member of a key credit approver of the bank, controls more than half of the voting power; or
- (i) any company the composition of the board of directors of which is controlled by a key credit approver of the bank, or a family member of a key credit approver of the bank;

“major stake” has the meaning given by section 32(7);

“major stake entity group”, in relation to a bank in Singapore, means a group comprising —

- (a) in the case of a bank incorporated in Singapore, any entity in which the bank holds, directly or indirectly, a major stake; and
- (b) in the case of branches and offices located within Singapore of a bank incorporated outside Singapore, any entity in which the bank incorporated outside Singapore holds, directly or indirectly, a major stake that is reflected as an investment in the balance sheet in Singapore of the bank;

“parent bank”, in relation to a bank, means a bank incorporated in or outside Singapore of which the firstmentioned bank is a subsidiary;

“related corporation group”, in relation to a bank in Singapore, means a group comprising —

- (a) any related corporation of the bank;
- (b) any branch of the bank located outside Singapore; and
- (c) in the case of a bank incorporated outside Singapore, the head office of the bank incorporated outside Singapore;

“senior management group”, in relation to a bank in Singapore, means a group comprising —

- (a) any executive officer of the bank;
- (b) any family member of an executive officer of the bank;
- (c) any firm or limited liability partnership in or for which an executive officer of the bank, or a family member of an executive officer of the bank, is a partner, a manager, an agent, a guarantor or a surety;

FIFTH SCHEDULE — *continued*

- (d) any individual for whom an executive officer of the bank, or a family member of an executive officer of the bank, is a guarantor or a surety;
- (e) any company for which an executive officer of the bank, or a family member of an executive officer of the bank, is a guarantor or a surety;
- (f) any company of which an executive officer of the bank, or a family member of an executive officer of the bank, is an executive officer;
- (g) any company in which an executive officer of the bank, or a family member of an executive officer of the bank, owns more than half of the total number of issued shares, whether legally or beneficially;
- (h) any company in which an executive officer of the bank, or a family member of an executive officer of the bank, controls more than half of the voting power; or
- (i) any company the composition of the board of directors of which is controlled by an executive officer of the bank, or a family member of an executive officer of the bank;

“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 mentioned in sub-paragraph (i);

“transaction” means any type of transaction including (but not limited to) any contract, agreement and arrangement and any transaction forming part of a contract, agreement or arrangement, and includes a write-off of a debt, loan or any other similar arrangement.

2. For the purposes of the definitions of “associate” and “substantial shareholder group”, a reference to a substantial shareholder, where the substantial shareholder

FIFTH SCHEDULE — *continued*

is an individual, includes 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 the substantial shareholder has any power, exercisable by the substantial shareholder 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 the director has any power, exercisable by the director 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 “key credit approver group”, a key credit approver (*X*) of a bank is deemed to control the composition of the board of directors of a company if *X* has any power, exercisable by *X* without the consent or concurrence of any other person, to appoint or remove all or a majority of the directors of the company.

5A. For the purposes of the definition of “senior management group”, an executive officer of a bank is deemed to control the composition of the board of directors of a company if he or she has any power, exercisable by him or her without the consent or concurrence of any other person, to appoint or remove all or a majority of the directors of the company.

6. For the purposes of sections 38 and 39A, “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) a reference to an entity is a reference to any body corporate or unincorporate, whether incorporated, formed or established in or outside Singapore; and
- (b) a reference to an entity in which another entity acquires or holds, directly or indirectly, a major stake is a reference to an entity in which the other entity has a major stake as defined in section 32(7).

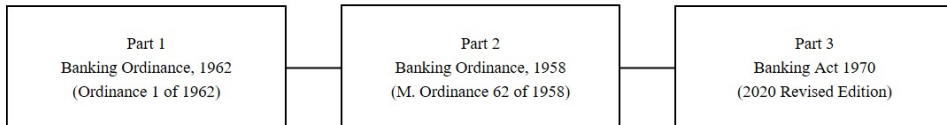
[5/2016; 1/2020]

# LEGISLATIVE HISTORY

## BANKING ACT 1970

This Legislative History is a service provided by the Law Revision Commission on a best-efforts basis. It is not part of the Act.

### PICTORIAL OVERVIEW OF PREDECESSOR ACTS



### LEGISLATIVE HISTORY DETAILS

#### PART 1 BANKING ORDINANCE, 1962 (ORDINANCE 1 OF 1962)

##### **1. Ordinance 1 of 1962 — Banking Ordinance, 1962**

Bill	:	Information not available
First and Second Readings	:	16 January 1962
Notice of Amendments	:	16 January 1962
Third Reading	:	16 January 1962
Commencement	:	19 January 1962

#### PART 2 BANKING ORDINANCE, 1958 (M. ORDINANCE 62 OF 1958)

##### **2. M. Ordinance 62 of 1958 — Banking Ordinance, 1958**

Commencement	:	26 January 1959
Application	:	21 January 1965 (except section 32(1))

*Note: This Act was extended in part to Singapore, with amendments, by the Banking (Amendment and Extension) Act, 1965 (M. Act 17 of 1965) on 21 January 1965.*

##### **3. M. Act 17 of 1965 — Banking (Amendment and Extension) Act, 1965**

Commencement	:	21 January 1965
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*Note: This Act repealed the Banking Ordinance, 1962 (Ordinance 1 of 1962) and extended the Federation of Malaya Banking Ordinance, 1958 (M. Ordinance 62 of 1958) in part to Singapore, with amendments.*

**4. G.N. No. S 82/1967 — Modification of Laws (Banking) Order, 1967**

Commencement : 24 April 1967 (except paragraph 3)  
12 June 1967 (paragraph 3)

PART 3  
BANKING ACT 1970  
(2020 REVISED EDITION)

**5. Act 41 of 1970 — Banking Act, 1970**

Bill : 29/1970  
First Reading : 22 July 1970  
Second Reading : 2 September 1970  
Notice of Amendments : 2 September 1970  
Third Reading : 2 September 1970  
Commencement : 1 January 1971

**6. 1970 Revised Edition — Banking Act (Chapter 182)**

Operation : 1 July 1971

**7. Act 6 of 1983 — Banking (Amendment) Act, 1983**

Bill : 22/1982  
First Reading : 3 December 1982  
Second and Third Readings : 4 March 1983  
Commencement : 22 April 1983

**8. Act 2 of 1984 — Banking (Amendment) Act 1984**

Bill : 15/1983  
First Reading : 20 December 1983  
Second and Third Readings : 17 January 1984  
Commencement : 9 March 1984

**9. 1985 Revised Edition — Banking Act (Chapter 19)**

Operation : 30 March 1987



**10. Act 16 of 1993 — Supreme Court of Judicature (Amendment) Act 1993**  
(Amendments made by section 29(5) read with item (2) of the Schedule to the above Act)

Bill	:	12/1993
First Reading	:	26 February 1993
Second Reading	:	12 April 1993
Notice of Amendments	:	12 April 1993
Third Reading	:	12 April 1993
Commencement	:	1 July 1993 (section 29(5) read with item (2) of the Schedule)

**11. Act 28 of 1993 — Banking (Amendment) Act 1993**

Bill	:	22/1993
First Reading	:	30 July 1993
Second Reading	:	30 August 1993
Notice of Amendments	:	30 August 1993
Third Reading	:	30 August 1993
Commencement	:	8 October 1993

**12. 1994 Revised Edition — Banking Act (Chapter 19)**

Operation	:	15 March 1994
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**13. Act 21 of 1996 — Banking (Amendment) Act 1996**

Bill	:	12/1996
First Reading	:	2 May 1996
Second and Third Readings	:	21 May 1996
Commencement	:	18 July 1996

**14. Act 27 of 1998 — Banking (Amendment) Act 1998**

Bill	:	20/1998
First Reading	:	1 June 1998
Second and Third Readings	:	29 June 1998
Commencement	:	10 July 1998

**15. Act 37 of 1998 — Post Office Savings Bank of Singapore (Transfer of Undertakings and Dissolution) Act 1998**

(Amendments made by section 19 read with item (1) of the Schedule to the above Act)

Bill	:	34/1998
First Reading	:	31 July 1998
Second Reading	:	12 October 1998
Notice of Amendments	:	12 October 1998
Third Reading	:	12 October 1998
Commencement	:	16 November 1998 (section 19 read with item (1) of the Schedule)

**16. Act 25 of 1999 — Drug Trafficking (Confiscation of Benefits) (Amendment) Act 1999**

(Amendments made by section 31 read with item (1) of the Schedule to the above Act)

Bill	:	16/1999
First Reading	:	4 May 1999
Second and Third Readings	:	6 July 1999
Commencement	:	13 September 1999 (section 31 read with item (1) of the Schedule)

**17. 1999 Revised Edition — Banking Act (Chapter 19)**

Operation	:	30 December 1999
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**18. Act 23 of 2001 — Banking (Amendment) Act 2001**

Bill	:	21/2001
First Reading	:	19 April 2001
Second and Third Readings	:	16 May 2001
Commencement	:	18 July 2001

**19. Act 42 of 2001 — Securities and Futures Act 2001**

(Amendments made by section 343(1) read with item (1) of the Fourth Schedule to the above Act)

Bill	:	33/2001
First Reading	:	25 September 2001
Second and Third Readings	:	5 October 2001
Commencement	:	1 July 2002 (section 343(1) read with item (1)(a) of the Fourth Schedule)

1 October 2002 (section 343(1) read with item (1)(b) of the Fourth Schedule)

**20. Act 39 of 2002 — Payment and Settlement Systems (Finality and Netting) Act 2002**

(Amendments made by section 20(1) of the above Act)

Bill	:	41/2002
First Reading	:	31 October 2002
Second and Third Readings	:	25 November 2002
Commencement	:	9 December 2002 (section 20(1))

**21. 2003 Revised Edition — Banking Act (Chapter 19)**

Operation	:	31 July 2003
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**22. Act 24 of 2003 — Monetary Authority of Singapore (Amendment) Act 2003**

(Amendments made by section 13 read with item (1) of the Schedule to the above Act)

Bill	:	21/2003
First Reading	:	16 October 2003
Second and Third Readings	:	10 November 2003
Commencement	:	1 January 2004 (section 13 read with item (1) of the Schedule)

**23. Act 5 of 2004 — Companies (Amendment) Act 2004**

(Amendments made by section 59 read with item (1) of the Schedule to the above Act)

Bill	:	3/2004
First Reading	:	5 January 2004
Second and Third Readings	:	6 February 2004
Commencement	:	1 April 2004 (section 59 read with item (1) of the Schedule)

**24. Act 5 of 2005 — Limited Liability Partnerships Act 2005**

(Amendments made by section 60(1) read with item (2) of the Sixth Schedule to the above Act)

Bill	:	64/2004
First Reading	:	19 October 2004

Second and Third Readings	:	25 January 2005
Commencement	:	11 April 2005 (section 60(1) read with item (2) of the Sixth Schedule)

**25. Act 31 of 2005 — Deposit Insurance Act 2005**

(Amendments made by section 65 of the above Act)

Bill	:	21/2005
First Reading	:	15 August 2005
Second and Third Readings	:	19 September 2005
Commencement	:	18 October 2005 (section 65)

**26. Act 21 of 2005 — Companies (Amendment) Act 2005**

(Amendments made by section 58 read with item (2) of the Schedule to the above Act)

Bill	:	11/2005
First Reading	:	18 April 2005
Second and Third Readings	:	16 May 2005
Commencement	:	30 January 2006 (section 58 read with item (2) of the Schedule)

**27. Act 42 of 2005 — Statutes (Miscellaneous Amendments) (No. 2) Act 2005**

(Amendments made by section 5 read with item (2) of the First Schedule to the above Act)

Bill	:	30/2005
First Reading	:	17 October 2005
Second and Third Readings	:	21 November 2005
Commencement	:	1 April 2006 (section 5 read with item (2) of the First Schedule)

**28. Act 1 of 2006 — Payment Systems (Oversight) Act 2006**

(Amendments made by section 58 of the above Act)

Bill	:	39/2005
First Reading	:	21 November 2005
Second and Third Readings	:	16 January 2006
Commencement	:	23 June 2006 (section 58)

**29. Act 1 of 2007 — Banking (Amendment) Act 2007**

Bill	:	13/2006
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First Reading	:	8 November 2006
Second and Third Readings	:	22 January 2007
Commencement	:	31 March 2007

**30. 2008 Revised Edition — Banking Act (Chapter 19)**

Operation	:	31 March 2008
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**31. Act 23 of 2008 — Co-operative Societies (Amendment) Act 2008**  
(Amendments made by section 58(1) of the above Act)

Bill	:	19/2008
First Reading	:	25 August 2008
Second Reading	:	16 September 2008
Notice of Amendments	:	16 September 2008
Third Reading	:	16 September 2008
Commencement	:	20 October 2008 (section 58(1))

**32. Act 5 of 2010 — Moneylenders (Amendment) Act 2010**  
(Amendments made by section 12 of the above Act)

Bill	:	23/2009
First Reading	:	23 November 2009
Second and Third Readings	:	12 January 2010
Commencement	:	11 February 2010 (section 12)

**33. Act 19 of 2010 — Hostage-Taking Act 2010**  
(Amendments made by section 15 of the above Act)

Bill	:	13/2010
First Reading	:	19 July 2010
Second and Third Readings	:	16 August 2010
Commencement	:	21 November 2010 (section 15)

**34. Act 15 of 2010 — Criminal Procedure Code 2010**  
(Amendments made by section 430 read with item 6 of the Sixth Schedule to the above Act)

Bill	:	11/2010
First Reading	:	26 April 2010
Second Reading	:	18 May 2010
Third Reading	:	19 May 2010

Commencement : 2 January 2011 (section 430 read with item 6 of the Sixth Schedule)

**35. Act 15 of 2011 — Deposit Insurance and Policy Owners' Protection Schemes Act 2011**

(Amendments made by section 93(1) of the above Act)

Bill : 10/2011  
 First Reading : 10 March 2011  
 Second and Third Readings : 11 April 2011  
 Commencement : 1 May 2011 (section 93(1))

**36. Act 10 of 2013 — Financial Institutions (Miscellaneous Amendments) Act 2013**

(Amendments made by section 2 of the above Act)

Bill : 4/2013  
 First Reading : 4 February 2013  
 Second and Third Readings : 15 March 2013  
 Commencement : 18 April 2013 (section 2)

**37. Act 11 of 2013 — Insurance (Amendment) Act 2013**

(Amendments made by section 69 read with item 1 of the Schedule to the above Act)

Bill : 5/2013  
 First Reading : 4 February 2013  
 Second Reading : 15 March 2013  
 Notice of Amendments : 15 March 2013  
 Third Reading : 15 March 2013  
 Commencement : 18 April 2013 (section 69 read with item 1 of the Schedule)

**38. Act 26 of 2012 — Personal Data Protection Act 2012**

(Amendments made by section 67(1) of the above Act)

Bill : 24/2012  
 First Reading : 10 September 2012  
 Second Reading : 15 October 2012  
 Notice of Amendments : 15 October 2012  
 Third Reading : 15 October 2012

Commencement : 2 January 2014 (section 67(1))

**39. Act 2 of 2015 — Pawnbrokers Act 2015**

(Amendments made by section 86 read with item 1 of the Fourth Schedule to the above Act)

Bill : 42/2014

First Reading : 4 November 2014

Second and Third Readings : 19 January 2015

Commencement : 1 April 2015 (section 86 read with item 1 of the Fourth Schedule)

**40. Act 35 of 2014 — Statutes (Miscellaneous Amendments) (No. 2) Act 2014**

(Amendments made by section 3 of the above Act)

Bill : 24/2014

First Reading : 8 September 2014

Second and Third Readings : 7 October 2014

Commencement : 1 July 2015 (section 3)

**41. Act 31 of 2017 — Monetary Authority of Singapore (Amendment) Act 2017**

(Amendments made by section 36 of the above Act)

Bill : 25/2017

First Reading : 8 May 2017

Second and Third Readings : 4 July 2017

Commencement : 4 June 2018 (section 36(5))  
5 June 2018 (section 36(2) and (3))  
29 October 2018 (section 36(1) and (4))

**42. Act 4 of 2017 — Securities and Futures (Amendment) Act 2017**

(Amendments made by section 195 of the above Act)

Bill : 35/2016

First Reading : 7 November 2016

Second and Third Readings : 9 January 2017

Commencement : 8 October 2018 (section 195)

**43. Act 5 of 2016 — Banking (Amendment) Act 2016**

Bill : 1/2016

First Reading	:	25 January 2016
Second and Third Readings	:	29 February 2016
Commencement	:	30 November 2018 (except sections 12(2) and 13(2))

**44. Act 40 of 2018 — Insolvency, Restructuring and Dissolution Act 2018**  
(Amendments made by section 454 of the above Act)

Bill	:	32/2018
First Reading	:	10 September 2018
Second and Third Readings	:	1 October 2018
Commencement	:	30 July 2020 (section 454)

**45. Act 1 of 2020 — Banking (Amendment) Act 2020**

Bill	:	35/2019
First Reading	:	4 November 2019
Second and Third Readings	:	6 January 2020
Commencement	:	1 October 2020 (except sections 2, 3, 5, 11, 13 to 17, 19, 20, 21, 24, 26 to 32, 33(b) and (d), 34 to 43, 44(a), (b) and (d) and 45 to 68) 1 July 2021 (sections 2, 3, 5, 11, 13 to 17, 19, 20, 21, 24, 26 to 32, 33(b) and (d), 34 to 43, 44(a), (b) and (d), 45, 46 and 64 to 68)

**46. Act 40 of 2019 — Supreme Court of Judicature (Amendment) Act 2019**  
(Amendments made by section 28(1) read with item 10 of the Schedule to the above Act)

Bill	:	32/2019
First Reading	:	7 October 2019
Second Reading	:	5 November 2019
Notice of Amendments	:	5 November 2019
Third Reading	:	5 November 2019
Commencement	:	2 January 2021 (section 28(1) read with item 10 of the Schedule)



**47. Act 27 of 2016 — Credit Bureau Act 2016**

(Amendments made by section 81 of the above Act)

Bill	:	27/2016
First Reading	:	10 October 2016
Second and Third Readings	:	9 November 2016
Commencement	:	31 May 2021 (section 81)

**48. 2020 Revised Edition — Banking Act 1970**

Operation	:	31 December 2021
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Abbreviations

C.P.	Council Paper
G.N. No. S (N.S.)	Government Notification Number Singapore (New Series)
G.N. No.	Government Notification Number
G.N. No. S	Government Notification Number Singapore
G.N. Sp. No. S	Government Notification Special Number Singapore
L.A.	Legislative Assembly
L.N.	Legal Notification (Federal/Malaysian Subsidiary Legislation)
M. Act	Malayan Act/Malaysia Act
M. Ordinance	Malayan Ordinance
Parl.	Parliament
S.S.G.G. (E) No.	Straits Settlements Government Gazette (Extraordinary) Number
S.S.G.G. No.	Straits Settlements Government Gazette Number