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## No. S 567

### MONEYLENDERS ACT (CHAPTER 188)

### MONEYLENDERS (AMENDMENT) RULES 2015

In exercise of the powers conferred by section 37 of the Moneylenders Act, the Minister for Law makes the following Rules:

#### **Citation and commencement**

1. These Rules may be cited as the Moneylenders (Amendment) Rules 2015 and come into operation on 1 October 2015.

#### **Deletion and substitution of rule 1A**

2. Rule 1A of the Moneylenders Rules 2009 (G.N. No. S 72/2009) (referred to in these Rules as the principal Rules) is deleted and the following rule substituted therefor:

#### **“Definition**

**1A.** In these Rules, unless the context otherwise requires, “business loan” means a loan granted by a licensee to any of the following:

- (a) a company that was incorporated under the Companies Act (Cap. 50), or under any corresponding previous legislation, at least 2 years before the grant of the loan;
- (b) a limited liability partnership that was registered under the Limited Liability Partnerships Act (Cap. 163A) at least 2 years before the grant of the loan;
- (c) a person who was registered under the Business Registration Act (Cap. 32) at least 2 years before the grant of the loan.”.

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**Amendment of rule 8****3.** Rule 8 of the principal Rules is amended —

(a) by deleting paragraphs (a) and (b) substituting the following paragraphs:

“(a) the nominal interest rate for the loan expressed as a percentage per month;

(b) that interest will be computed on the monthly outstanding balance of the principal;”;

(b) by deleting paragraphs (d) and (e) and substituting the following paragraphs:

“(d) the nominal interest rate for the interest (if any) to be charged on late payment of the principal and interest, expressed as a percentage per month;

(e) that late interest (if any) will be computed on the monthly outstanding balance of the amount of principal or interest or both that is overdue;”.

**New rule 10A**

**4.** The principal Rules are amended by inserting, immediately after rule 10, the following rule:

**“Repayment instalments and intervals**

**10A.** Every contract for a loan must provide for the payment of equal instalments at equal intervals of time.”.

**Deletion and substitution of rule 11**

**5.** Rule 11 of the principal Rules is deleted and the following rule substituted therefor:

**“Interest**

**11.—(1)** The maximum rate of interest referred to in section 23(6) of the Act is the nominal interest rate of 4% per month.

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(2) The interest charged on the loan is to be computed based on the monthly outstanding balance of principal remaining after deducting from the original principal the total payments made by or on behalf of the borrower which are appropriated to principal.

(3) The maximum rate of late interest referred to in section 23(6) of the Act is the nominal interest rate of 4% per month.

(4) The late interest is to be computed based on the monthly outstanding balance of the amount of principal or interest or both that is overdue.

(5) To avoid doubt, late interest is charged only on an amount that has fallen due and is not paid.”.

### **Deletion and substitution of rule 12**

6. Rule 12 of the principal Rules is deleted and the following rule substituted therefor:

#### **“Permitted fees**

**12.—**(1) For the purposes of section 22 of the Act, a licensee may impose in respect of every loan (other than a business loan) granted by the licensee, the following costs, charges and expenses that have been agreed to by the borrower:

- (a) a fee for each occasion of late repayment of principal or late payment of interest (including any late interest), but not exceeding an aggregate of \$60 per month;
- (b) a fee, not exceeding 10% of the principal of the loan, that is payable when a loan is granted;
- (c) legal costs incurred for the recovery of the loan, as may be ordered by a court to be paid to the licensee.

(2) For the purposes of section 22 of the Act, a licensee may impose in respect of every business loan granted by the licensee, the following costs, charges and expenses that have been agreed to by the borrower:

- (a) a fee for each occasion of late repayment of principal or late payment of interest (including any late interest);

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- (b) a fee for each occasion the terms of the contract for the loan are varied at the request of the borrower;
  - (c) a fee for every cheque drawn by or on behalf of the borrower which is dishonoured by the bank on which it is drawn when presented by the licensee;
  - (d) a fee for every unsuccessful deduction from a bank account through interbank GIRO for payment by or on behalf of a borrower to the licensee;
  - (e) in the case of a term loan, a fee for the early redemption (whether partial or in full) of the loan, and a fee for the early termination of the contract (whether due to the default of the borrower, redemption of the loan or otherwise) for the loan;
  - (f) legal costs incurred for the recovery of the loan, as may be ordered by a court to be paid to the licensee.”.

### **New rules 12A and 12B**

7. The principal Rules are amended by inserting, immediately after rule 12, the following rules:

#### **“Maximum amount for aggregate of interest, late interest and fees**

**12A.** Despite rules 11 and 12, the licensee must not recover from a borrower, on account of interest, late interest or any fee permitted under rule 12(1)(a) or (b), an aggregate amount exceeding the principal of the loan.

#### **Non-application of rules 11 and 12A to business loans**

**12B.** Rules 11(1) and (3) and 12A do not apply to a business loan granted by a licensee.”.

### **Amendment of rule 13**

8. Rule 13 of the principal Rules is amended by deleting the word “effective” in paragraph (d) and substituting the word “nominal”.

## Amendment of Schedule

9. Form 1 of the Schedule to the principal Rules is deleted and the following Form substituted therefor:

“FORM 1

Rule 10

<p><b>Loan Account No.</b> _____</p> <p style="text-align: center;"><b>NOTE OF CONTRACT</b></p> <p style="text-align: center;"><b>MONEYLENDERS ACT (CHAPTER 188)</b></p> <p style="text-align: center;"><b>IMPORTANT INFORMATION FOR BORROWER AND SURETY OR THEIR AGENTS</b></p> <p>(1) This loan is subject to the Moneylenders Act and its Rules.</p> <p>(2) For a loan granted to an individual, the nominal interest rate for the loan must not exceed 4% per month.</p> <p>(3) For a loan granted to an individual, the nominal late interest rate for the loan must not exceed 4% per month.</p> <p>(4) The moneylender or his agent must inform you of the terms and conditions of the loan in writing before the loan is granted.</p> <p>(5) If you do not understand English, the moneylender or his agent is required to explain to you the terms of this Note of Contract in a language which you understand, before this Note of Contract is signed by you.</p> <p>(6) The moneylender must attach to this Note of Contract a schedule of repayment (if the loan is a term loan), which must include the frequency of the instalment payments if there is no default, the amount of each instalment payment, a breakdown of the amounts that go to repaying principal and paying interest, and the total number of instalments, and the total amount the borrower will pay over the entire term of the loan if there is no default. The moneylender or his agent must explain the schedule clearly to you.</p> <p>(7) The repayment of the loan is to be made in equal instalments and at equal intervals of time, and the interest to be charged on the loan is to be calculated on a reducing balance basis.</p> <p>(8) The borrower is advised to repay the principal and interest due to the moneylender promptly on such date as agreed upon between the borrower and the moneylender to avoid having to incur late interest and late fees.</p>
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(g) Details of security (if any)

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## II To be completed by borrower(s)

I/We\*, the borrower(s), desire to borrow from the moneylender the sum of \$\_\_\_\_\_ (called “the principal”) and promise to repay to the moneylender the principal with interest at the nominal interest rate of \_\_\_ percent per month from the date of the loan until the principal and interest are fully repaid.

I/We\*, the borrower(s) acknowledge receiving the principal of \$ \_\_\_\_\_, from the moneylender/moneylender’s agent\*.

***If the borrower or his agent does not understand English:***

I/We\* acknowledge that the moneylender/moneylender’s agent\* has explained to me/us\* the terms of this Note of Contract, including the “Important Information” and any schedule of repayment attached, and the acknowledgments above, in \_\_\_\_\_ (a language/dialect) which I/we\* understand.

Signature of borrower(s)/  
borrower’s agent\*

Signature of moneylender/  
moneylender’s agent\*

\_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_

## III To be completed by surety(ies)

I/We\*, the surety(ies), acknowledge that the moneylender has agreed to grant to the borrower a loan of \$\_\_\_\_\_ (called “the principal”) in accordance with the terms and conditions of this Note of Contract. I/We\* jointly and severally agree that, if default is made by the borrower in repayment of the principal or in payment of the interest or permitted fees (including any part of such principal, interest or fees), I/we\* shall pay to the moneylender such principal, interest and fees as remains unpaid.

***If the Surety(ies) or his or their agent(s) does not or do not understand English:***

I/We\* further acknowledge that the moneylender/moneylender’s agent\* has explained to me/us\* the terms of this Note of Contract,

including the “Important Information”, in _____ (a language/dialect) which I/we* understand.	
Signature of surety(ies)/agent(s) of surety(ies)*	Signature of moneylender/ moneylender’s agent*
_____	_____
Date: _____	Date: _____
<b>IV To be completed by borrower(s) and surety(ies)</b>	
We, the borrower(s) and surety(ies), further acknowledge that we received a copy of this Note of Contract, including the schedule of repayment (if any), after it had been signed by us/our agent(s)* and by the moneylender/moneylender’s agent*, and before/at the time* the principal was disbursed to the borrower or his agent.	
<b><i>If the borrower(s) or surety(ies) or his/their agents does not or do not understand English:</i></b>	
I/We* further acknowledge that the moneylender/moneylender’s agent* has explained to me/us* this acknowledgment of receipt of the Note of Contract in _____ (a language/dialect) which I/we* understand.	
Signature of borrower/borrower’s agent*	Signature of surety(ies)/agent of surety(ies)*
_____	_____
Date: _____	Date: _____

*\*Delete whichever is inapplicable.\**

### **Savings and transitional provisions**

**10.**—(1) Rule 2 does not apply to or in relation to any loan granted before 1 October 2015, including any such loan as varied whether before, on or after that date, and the definition of “effective interest rate” in rule 1A of the principal Rules as in force immediately before that date continues to apply to or in relation to any such loan as if rule 2 had not been enacted.

(2) Rule 4 does not apply to any loan granted before 1 October 2015, including any such loan as varied whether before, on or after that date.



(3) Rule 5 does not apply to any loan granted before 1 October 2015, including any such loan as varied whether before, on or after that date, and rule 11 of the principal Rules as in force immediately before that date continues to apply to any such loan as if rule 5 had not been enacted.

(4) Rule 6 does not apply to any loan granted before 1 October 2015, including any such loan as varied whether before, on or after that date, and rule 12 of the principal Rules as in force immediately before that date continues to apply to any such loan as if rule 6 had not been enacted.

(5) Rule 7 does not apply to any loan granted before 1 October 2015, including any such loan as varied whether before, on or after that date.

(6) Rule 8 does not apply to any loan granted before 1 October 2015, including any such loan as varied whether before, on or after that date, and rule 13(d) of the principal Rules as in force immediately before that date continues to apply to any such loan as if rule 8 had not been enacted.

*[G.N. Nos. S 304/2010; S 475/2011; S 95/2012]*

Made on 23 September 2015.

NG HOW YUE  
*Permanent Secretary,  
Ministry of Law,  
Singapore.*

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