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No. S 1001

BANKING ACT 1970

BANKING (FINANCIAL PENALTIES UNDER SECTIONS 38 AND 39) ORDER 2024

ARRANGEMENT OF PARAGRAPHS

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In exercise of the powers conferred by sections 38(7) and 39(7) of the Banking Act 1970, the Deputy Prime Minister and Minister for Trade and Industry, Gan Kim Yong, the Minister charged with the responsibility for the Banking Act 1970, makes the following Order:

Citation and commencement

1. This Order is the Banking (Financial Penalties under Sections 38 and 39) Order 2024 and comes into operation on 26 December 2024.

Definitions

2. In this Order —

“average minimum cash balance” means the average of the daily minimum cash balances that a bank is required to maintain over any 2-week period specified by the Authority in the written notice to the bank under section 39(1) of the Act;

“daily minimum cash balance” means the minimum cash balance that a bank is required to maintain under section 39(1) of the Act —

- (a) for any business day — at the close of business that day; and
- (b) for any other day — at the close of business of the last business day immediately before that day;

“liquid assets requirement” means any requirement imposed by the Authority on a bank under section 38(1) of the Act;

“Singapore Overnight Rate Average” or “SORA”, for a business day, means the volume-weighted average rate of borrowing transactions in the unsecured overnight interbank Singapore dollar cash market in Singapore between 8 a.m. and 6.15 p.m. of that business day, as published on the next business day, by the Authority —

- (a) on its Internet website at <https://www.mas.gov.sg>; or
- (b) where the website is unavailable to the public, in any other form that is readily accessible by the public.

Financial penalty under section 38 of Act

3. For the purposes of section 38(7) of the Act, the prescribed formula for the financial penalty (F_1) that a bank is liable to pay for every day or part of a day that the bank fails to comply with any liquid assets requirement is —

$$F_1 = \$100 + \left(P \times A \times r \times \frac{1}{365} \times m \right),$$

where —

- (a) P is —
 - (i) 5 — where, during a continuous period of 90 days immediately before the day on which the bank fails to comply with the liquid assets requirement (called in this paragraph the 90-day period), the bank has complied with all the liquid assets requirements;
 - (ii) 7 — where the bank has failed on only one occasion during the 90-day period to comply with any liquid assets requirement; or

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- (iii) 9 — where the bank has failed on more than one occasion during the 90-day period to comply with any liquid assets requirement;
 - (b) A is the deficiency in the amount of liquid assets necessary for the bank to comply with the liquid assets requirement;
 - (c) r is the SORA for —
 - (i) the day on which the bank fails to comply with the liquid assets requirement — if that day is a business day; or
 - (ii) the last business day immediately before the day on which the bank fails to comply with the liquid assets requirement — if that day is not a business day; and
 - (d) m is —
 - (i) 0.5 —
 - (A) in the case where the bank fails to comply with the liquid assets requirement on any business day, but the bank complies with that requirement before the close of its business on that day; or
 - (B) in the case where the bank fails to comply with the liquid assets requirement on any day other than a business day, but the bank complies with that requirement by 11.59 p.m. of that day; or
 - (ii) 1 — in any other case.

Financial penalty under section 39 of Act

4.—(1) For the purposes of section 39(7) of the Act, the prescribed formula for the financial penalty (F_2) that a bank is liable to pay for every day or part of a day that the bank fails to maintain the daily minimum cash balance is —

$$F_2 = \$100 + \left(B \times r \times \frac{1}{365} \right),$$

where —

- (a) B is the deficiency in the amount of cash balance necessary for the bank to maintain the daily minimum cash balance; and
- (b) r is 3 percentage points above the SORA for —
 - (i) the day on which the bank fails to maintain the daily minimum cash balance — if that day is a business day; or
 - (ii) the last business day immediately before the day on which the bank fails to maintain the daily minimum cash balance — if that day is not a business day.

(2) For the purposes of section 39(7) of the Act, the prescribed formula for the financial penalty (F_3) that a bank is liable to pay for every day or part of a day that the bank fails to maintain the average minimum cash balance, over any 2-week period specified by the Authority starting on or after 26 December 2024, is —

$$F_3 = \frac{1}{14} \times \left[\$100 + \left(C \times r \times \frac{1}{365} \right) \right],$$

where —

- (a) C is the deficiency in the amount of cash balance necessary for the bank to maintain the average minimum cash balance; and
- (b) r is 3 percentage points above the highest SORA for a day during the 2-week period.

Revocation

5. Revoke the Banking (Financial Penalties under sections 38 and 39) Order 2007 (G.N. No. S 241/2007).

Made on 16 December 2024.

LEO YIP
*Permanent Secretary,
Prime Minister's Office,
Singapore.*

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