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PAYMENT SERVICES ACT 2019 (ACT 2 OF 2019)

PAYMENT SERVICES (SINGAPORE DOLLAR CHEQUE CLEARING SYSTEM AND INTER-BANK GIRO SYSTEM) REGULATIONS 2019

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In exercise of the powers conferred by section 103(1) of the Payment Services Act 2019, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

1. These Regulations are the Payment Services (Singapore Dollar Cheque Clearing System and Inter-bank GIRO System) Regulations 2019 and come into operation on 28 January 2020.

Definitions

2. In these Regulations, unless the context otherwise requires —

“articles” includes —

- (a) cheques, cashiers’ orders, drawing vouchers, dividend warrants, demand drafts, remittance receipts, travellers cheques or gift cheques, drawn

on a participant and payable in Singapore dollars and cleared in the Singapore dollar cheque clearing system;

- (b) electronic payment instruments that are drawn on a participant and payable in Singapore dollars and cleared in the inter-bank GIRO system; and
- (c) in relation to physical payment instruments, where the original of any instrument has been certified by any participant as lost, the certified true copies of that instrument;

“clearing”, in relation to articles presented (whether by physical delivery, electronic transmission of data on the articles or transmission of electronic payment instruments) by any participant to the clearing house through a designated payment system, means the process by which the operator of the system —

- (a) collates all articles, or data on the articles, presented to the clearing house; and
- (b) computes both of the following:
 - (i) the sum due to a participant from all other participants;
 - (ii) the sum payable by the participant to all other participants;

“clearing house” means the Automated Clearing House established under the Banking (Clearing House) Regulations (Cap. 19, Rg 1);

“designated payment system” means —

- (a) in relation to articles that are physical payment instruments — the Singapore dollar cheque clearing system; and
- (b) in relation to articles that are electronic payment instruments — the inter-bank GIRO system;

“operator” means an operator of a designated payment system;

“participant” means a participant of a designated payment system;

“settlement account” means an account in a real-time gross settlement system established and operated by the Authority under section 29A(1) of the Monetary Authority of Singapore Act (Cap. 186);

“settlement agent” has the meaning given by regulation 3(1)(b).

Participants to open settlement account

3.—(1) Every participant (*A*) must —

- (a) open a settlement account with a settlement institution; or
- (b) appoint another participant (*B*) that has opened a settlement account with a settlement institution (called in these Regulations a settlement agent),

to settle all payment obligations due from *A* to any other participant (including *B*) arising out of any clearing in each day.

(2) A participant who appoints a settlement agent must, before allowing the settlement agent to settle any payment obligations mentioned in paragraph (1), give to the operator a written notice —

- (a) that the participant has appointed the settlement agent; and
- (b) that is accompanied by a written confirmation from the settlement agent of its appointment.

(3) A participant who intends to terminate the appointment of its settlement agent must give to the operator a written notice of the intended termination at least 7 days before the date of termination of that appointment.

(4) The operator must give to the Authority a written notice of —

- (a) the appointment of a settlement agent by a participant under paragraph (1)(b); or
- (b) any intended termination of appointment of a settlement agent by a participant under paragraph (3),

as soon as practicable after the operator is so notified by the participant concerned.

(5) A participant who fails to comply with any requirement in paragraph (2) or (3) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000.

(6) In a prosecution for an offence under paragraph (5), it is not necessary for the prosecution to prove that the defendant intended to commit the offence.

(7) An offence under paragraph (5) is a strict liability offence.

Procedure at close of clearing

4.—(1) At the close of any clearing in each day, the operator must deliver to the settlement institution a statement of transfer setting out the obligations of each participant arising out of the clearing.

(2) The settlement institution must, where applicable, effect the settlement by debiting or crediting the settlement accounts of a participant.

(3) In preparing the statement mentioned in paragraph (1), the operator must take into account any notice given by any participant under regulation 3(2) or (3).

Funds to meet payment obligations of participant

5. Every participant must —

(a) where the participant has opened a settlement account — ensure that there are sufficient funds in the settlement account to meet its payment obligations arising out of any clearing in each day; or

(b) where the participant has appointed a settlement agent — ensure that the settlement agent settles the payment obligations of the participant arising out of any clearing in each day.

Defaulting participant

6.—(1) Where a participant fails to comply with regulation 5 (called the defaulting participant), the Authority may do one or both of the following:

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- (a) suspend the defaulting participant from being a participant of the relevant designated payment system;
 - (b) suspend all or any of the participants, for which the defaulting participant is the settlement agent, from being a participant of the relevant designated system.
- (2) The Authority must give a written notice to the operator of any suspension under paragraph (1).

Re-admission of suspended participant

7. The Authority may re-admit a participant suspended under regulation 6(1), if the participant takes all the steps that the Authority considers necessary to ensure that it fulfils its payment obligations arising out of the clearing that resulted in the suspension.

Made on 2 December 2019.

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