

No. S 000 –

**BANKING ACT
(CHAPTER 19)**

**BANKING (FINANCIAL PENALTIES UNDER
SECTIONS 38 AND 39) ORDER 2007**

ARRANGEMENT OF PARAGRAPHS

Paragraph

1. Citation and commencement
2. Financial penalty under section 38 of Act
3. Financial penalty under section 39 of Act

In exercise of the powers conferred by sections 38(7) and 39(7) of the Banking Act, the Senior Minister, Prime Minister's Office, hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Banking (Financial Penalties under sections 38 and 39) Order 2007 and shall come into operation on 11th June 2007.

Financial penalty under section 38 of Act

2. For the purposes of section 38(7) of the Act, the financial penalty payable by a bank for every day or part thereof the bank fails to comply with any requirement imposed on the bank under section 38(1) of the Act shall be determined in accordance with the following formula:

$$\begin{aligned} &\text{Amount of financial penalty for each day or part thereof} \\ &= \$100 + (P \times A \times \frac{r}{100} \times \frac{1}{365} \times m) \end{aligned}$$

where A is the deficiency in the amount of liquid assets necessary for the bank to comply with the requirement;

m is —

- (a) 0.5 — where the bank complies with the requirement before the close of its business on the day; or
- (b) 1 — in any other case;

P is —

- (a) 5 — where, during a continuous period of 90 days immediately preceding the day on which the bank fails to comply with the requirement (referred to in this Order as specified period), the bank has complied with all the requirements imposed on the bank under section 38(1) of the Act;
- (b) 7 — where the bank had failed on only one occasion during the specified period to comply with any requirement imposed on the bank under section 38(1) of the Act; or
- (c) 9 — where the bank had failed on more than one occasion during the specified period to comply with any requirement imposed on the bank under section 38(1) of the Act; and

r is the Singapore overnight rate average for that day as set out at the Authority's Internet website at <http://mas.gov.sg> (under Statistics Room – Financial Databases).

Financial penalty under section 39 of Act

3.—(1) For the purposes of section 39(7) of the Act, the financial penalty payable by a bank for every day or part thereof the bank fails to maintain the daily minimum cash balances required by the Authority under section 39(1) of the Act shall be determined in accordance with the following formula:

$$\begin{aligned} & \text{Amount of financial penalty for each day or part thereof} \\ & = \$100 + (B \times r \times \frac{1}{365}) \end{aligned}$$

where B is the deficiency in the amount of cash balances necessary for the bank to comply with the requirement of the Authority; and

r is 3% above the 1-month Singapore Dollar Singapore Interbank Offer Rate (expressed as a percentage), as determined by the Association of Banks in Singapore, for the day.

(2) For the purposes of section 39(7) of the Act, the financial penalty payable by a bank which fails to maintain, over any 2-week period specified by the Authority, the average minimum cash balances required by the Authority under section 39(1) of the Act shall be determined in accordance with the following formula:

$$\text{Amount of financial penalty for each day of the 2-week period} \\ = \frac{1}{14} \times [\$100 + (C \times r \times \frac{1}{365})]$$

where C is the deficiency in the amount of cash balances necessary for the bank to comply with the requirement of the Authority; and

r is 3% above the highest 1-month Singapore Dollar Singapore Interbank Offer Rate (expressed as a percentage), as determined by the Association of Banks in Singapore, during the 2-week period.

Made this 4th day of June 2007.

PETER HO
Permanent Secretary
(Special Duties),
Prime Minister's Office,
Singapore.

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