

**TERMS AND CONDITIONS GOVERNING THE
OPERATION OF THE ACCOUNTS FOR
SINGAPORE GOVERNMENT SECURITIES AND MAS BILLS**

1 Interpretation

In these terms and conditions, unless the subject or context otherwise requires, the following words and expressions shall have the following meanings respectively ascribed to them:

“Agreement” means the letter-agreement which incorporates these terms and conditions;

“bank” shall have the meaning as ascribed thereto under the Banking Act (Cap. 19);

“business day” means any day from Monday to Friday except a public or bank holiday in Singapore;

“Depositor” means:

- (a) a primary dealer;
- (b) an approved dealer,
- (c) a bank,
- (c) a finance company,
- (d) an insurance company, or
- (e) any other institution approved by MAS pursuant to section 29A of the Monetary Authority of Singapore Act to participate in MEPS+,

which is a party to this Agreement and in whose name one or more SGS accounts are opened and maintained by MAS;

“finance company” shall have the meaning as ascribed thereto under the Finance Companies Act (Cap 108);

“free-of-payment” means a transfer of SGSMB that is not accompanied by payment as is otherwise required on a delivery-versus-payment basis;

“GST” means the applicable goods and services tax which may from time to time be imposed or charged before, on or after the date hereof by the Comptroller of Goods and Services Tax or other relevant Government authority under the Goods and Services Tax Act (Chapter 117A) (including any subsequent revisions thereto and regulations made thereunder);

“member bank” means a bank which is approved by MAS pursuant to section 29A of the Monetary Authority of Singapore Act to participate in MEPS+;

“member institution” means an institution which:

- (a) is not a bank; and
- (b) is approved by MAS pursuant to section 29A of the Monetary Authority of Singapore Act to participate in MEPS+;

“MAS” means the Monetary Authority of Singapore, a body corporate established under the Monetary Authority of Singapore Act (Cap. 186);

“MAS Bills” means any debt securities issued by the Monetary Authority of Singapore under the Monetary Authority of Singapore Act (Cap. 186);

“MASNET” means the MAS Network Services;

“MEPS+” means the new MAS Electronic Payment and Book-Entry System and has the same meaning as set out in the Payment and Settlement Systems (Finality and Netting) (Designated System) Order 2006;

“MLA requirements” means the minimum assets requirements specified in:

- (a) the Banking Act (Cap. 19) and notices issued thereunder, in the case of a bank; or

- (b) the Finance Companies Act (Cap. 108) and notices issued thereunder, in the case of a finance company;

“non-participant” in relation to the Depositor, means an entity which is not a participant in MEPS+ but which has opened a current account with MAS;

“participant” in relation to the Depositor, means either a member bank or a member institution;

“RTGS account” means the real time gross settlement account which a participant has in MEPS+;

“SGS” or “Singapore Government Securities”, means Government securities as defined in and issued under the Government Securities Act (Cap 121A) and Treasury Bills as defined in and issued under the Local Treasury Bills Act (Cap 167) collectively;

“SGSMB” means SGS, MAS Bills, or both, as the case may be;

“Service Provider” means the operator of MEPS+;

“SWIFT” means the Society for Worldwide Interbank Financial Telecommunication SCRL, a society established and registered in Belgium that has set up an international value-added transport network for the provision of SWIFT Messaging Services;

2 Number of Types of SGS Accounts

2.1 Where the Depositor is a primary or approved dealer, 3 SGS accounts shall be opened, namely:

- (a) SGS-Reserve account, which shall be used by the Depositor only to maintain SGSMB in compliance with the MLA requirements;

- (b) SGS-Trade account, which shall be used only for the Depositor's own trades; and
 - (c) SGS-Customer account, which shall be used for trades effected by the Depositor on behalf of its customers. This account is divided into different sub-accounts for the purpose of maintaining SGSMB held by the Depositor on behalf of resident customers and non-resident customers, and in the case of non-resident customers, according to the different rates of withholding tax that may be applicable.
- 2.2 Where the Depositor is a bank but not a primary or approved dealer, 2 SGS accounts shall be opened in MEPS+, namely SGS-Reserve account and SGS-Trade account.
- 2.3 Where the Depositor is a bank (that is not a participant), a finance company, or an insurance company, only an SGS-Reserve account will be opened in MEPS+ to enable the bank, finance company or insurance company to maintain SGSMB in compliance with the relevant statutory requirements.
- 2.4 Where the Depositor is a non-bank institution approved by MAS under section 29A of the Monetary Authority of Singapore Act as a participant, the type and number of SGS accounts to be opened in MEPS+ shall be determined by MAS.

3 Duties relating to SGS-Customer Accounts and Customer Transactions

- 3.1 If the Depositor maintains an SGS-Customer account, it shall ensure that:
- (a) all SGSMB transactions effected on behalf of its customers are segregated from its own transactions; and

- (b) all SGSMB received on behalf of its customers are segregated and held in trust in its SGS-Customer account.

3.2 The Depositor shall also ensure proper documentation and identification of customers to whom they are providing custodial services for SGSMB.

4 Settlement of SGSMB for Participants

4.1 Where the Depositor is a participant, settlement of SGSMB transactions between the Depositor and any other participant who has opened SGS account(s) with MAS (referred to in this clause as “counterparty”), except for free-of-payment transactions, shall be effected on a delivery-versus-payment basis on the value date of the respective transactions. The cash settlement of SGSMB transactions shall be effected through Depositor’s and the counterparty’s RTGS accounts maintained in MEPS+. Transactions will be settled on a first-in first-out (FIFO) basis, subject to any exception that the Service Provider may consider necessary (e.g. during gridlock resolution).

4.2 The Service Provider will effect or cause MEPS+ to effect the settlement of SGSMB-related instructions from the Depositor or its counterparty in accordance to the MEPS+ Service Agreement and Operating Rules.

5 Settlement of Securities for Non-participants

5.1 Where the Depositor is not a participant, the Depositor may transfer SGSMB out from the SGS-Reserve account on a free-of-payment basis by authorising MAS to do so on its behalf, either:

- (a) in writing, signed by two authorised signatories; or
- (b) through SWIFT MT199 messages.

- 5.2 The format of an authorisation letter is set out in Annex 1. The authorisation letter must reach MAS by 4:00 pm of the value date of the transaction.
- 5.3 Where the Depositor is a non-participant bank or finance company:
- (a) each instruction from the Depositor that is received and executed by MAS shall be charged at S\$35.00 per instruction, exclusive of GST; and
 - (b) the Depositor shall be required to make its own arrangements with its sellers or custodians to transfer SGSMB into its SGS-Reserve Accounts for the purpose of complying with the MLA requirements.
- 5.4 The Depositor shall submit to MAS an authorised signatories list in the format set out in Annex 2 for the verification of signatures on the authorisation letter referred to in Clauses 5.1 and 5.2. MAS reserves the right to refuse to execute instructions in any authorisation letter that may be sent by the Depositor if a duly completed authorised signatories list is not submitted by the Depositor to MAS.

6 Submission of Information on Non-Resident Holders of SGSMB by Custodians

- 6.1 Where the Depositor is a non-resident as defined in the Income Tax Act (Cap. 134) and holds SGSMB for its own account, it shall submit a letter of undertaking in a format set out in Annex 3, to disclose any interest or discount that may be earned from any SGSMB that is held by it in order to be exempt from withholding tax on such interest or discount, as the case may be.
- 6.2 If the Depositor is a member bank or member institution that is a primary or secondary dealer with non-resident customers holding SGSMB with it, the Depositor shall place such holdings into the appropriate non-resident customer

sub-accounts immediately after the acquisition for or on behalf of its customers. Clauses 6.3 to 6.5 would also apply to such Depositor.

- 6.3 On the coupon payment or redemption date, the amount of interest or discount earned on any SGSMB that is held by the Depositor for or on behalf of a non-resident customer shall be calculated and withheld in MEPS+. The interest or discount that is withheld will be handed over to MAS, which will contact the Inland Revenue Authority of Singapore to pay the withholding tax, and the balance of such interest or discount shall be paid to the Depositor for payment to its non-resident customer.
- 6.4 The Depositor shall submit to MAS the withholding tax form for its non-resident customers' SGSMB holdings not later than 2 days after the coupon payment or SGSMB redemption date.
- 6.5 If the Depositor is unable to place the SGSMB of non-resident customers into the correct customer sub-account in time for the withholding of the appropriate tax in MEPS+, the Depositor shall contact the Inland Revenue Authority of Singapore immediately to pay the withholding tax.

7 Manual Back-up System for SGSMB

- 7.1 In the event of a partial or total failure of MEPS+, the Service Provider will provide manual back-up for SGSMB transactions between participants, in accordance with the procedures and terms set out in the MEPS+ Contingency and Operations Manual and the MEPS+ Operating Rules.
- 7.2 Where the Depositor intends to submit manual back-up instructions to the Service Provider in hardcopy, or in a CD-ROM, or other similar media as may be allowed, the Depositor shall submit to the Service Provider an authorised signatories list in the format set out in Annex 2 for the verification of authorised signatures on the hardcopy or CD-ROM instructions. The Service Provider reserves the right to refuse to execute such manual back-up

instructions sent by the Depositor if a duly completed authorised signatories list is not submitted by the Depositor to the Service Provider.

8 SGS Accounts Statements

8.1 Where the Depositor is a member bank or member institution, the Depositor will receive its SGS accounts statements through MEPS+. These statements will be transmitted on every business day to reflect all transactions and ending balances in the respective SGS accounts for the business day.

8.2 Where the Depositor is a non-participant bank or finance companies, it may retrieve their statements from MASNET. Other non-participants may request for statements from MAS from time to time.

8.3 The Depositor shall be responsible for checking its SGS accounts statements to ensure that the entries posted to the SGS accounts are correct. If MAS receives any notice from the Depositor that any entry is incorrect within one business day after the date the entry was posted and MAS is of the view that the entry is incorrect, MAS shall adjust the entry in the SGS account of that Depositor within such time as is reasonably practicable. If MAS receives such notice from the Depositor outside the stipulated period and MAS is of the view that the entry is incorrect, MAS may, at its sole discretion, adjust the entry. Under no circumstances shall MAS make any rectification of any posted entry if such rectification may:

(a) prejudice or adversely affect the interest of:

(i) any customer of the Depositor;

(ii) any bank or participant in MEPS+ or their customers; or

(iii) MAS; or

- (b) prejudice the finality and irrevocability of transactions executed or settled under MEPS+.

8A Duration

This Agreement shall take effect on and from –

- (a) where the Depositor executed this agreement prior to the launch of MEPS+, the date that MEPS+ is launched (9 December 2006); and
- (b) where the Depositor entered into this agreement after the launch date of MEPS+ (being 9 December 2006), the date on which the SGS account(s) are opened for the depositor, as notified in writing to the Depositor by MAS,

and shall continue in force until the SGS account(s) is terminated in accordance with Clause 9.

9 Termination by Notice in writing

9.1 Termination by the Depositor

9.1.1 Subject to Clause 9.1.2 and requirements in any written law, the Depositor may terminate its SGS account(s) with MAS by giving MAS at least one month's written notice (except as otherwise provided in Clause 15.2), and the SGS account(s) shall be terminated on the date stated in such notice of termination.

9.1.2 Where the Depositor is a bank, the termination notice shall not take effect without the prior approval of MAS.

9.2 Termination by MAS

MAS may terminate the SGS account by giving the Depositor at least two months' notice in writing, or immediately terminate the SGS account forthwith under the following circumstances:

- (a) on the grounds of national or public interest, public security or safety;
- (b) if MAS considers it necessary to safeguard the stability of the SGSMB market or the financial system, or in the exercise of its powers or performance of its duties and functions under any written law;
- (c) if the Depositor defaults in paying any fee or charge or other sum referred to in these terms and conditions;
- (d) if the Depositor is being or has been wound up or has a receiver or receiver and manager appointed;
- (e) if the Depositor:
 - (i) being a bank, has its licence revoked by MAS under the Banking Act (Cap. 19);
 - (ii) being a finance company, has its licence revoked by MAS under the Finance Companies Act (Cap. 108);
 - (iii) being an insurance company, has its registration cancelled by MAS under the Insurance Act (Cap. 142);
 - (iv) being any other entity that is licensed, approved, registered or authorised by MAS under any written law that is administered by MAS, has its licence, approval, registration or authorisation revoked or cancelled by MAS, as the case may be; or
- (f) if the Depositor fails to comply with, observe or perform any of these terms and conditions, whether or not any other action is taken by MAS under these terms and conditions, and whether or not such failure has been determined in any such other action.

9.3 The termination of this Agreement shall not affect the liability of any party to pay any sum that may be due from that party to the other party under this Agreement.

10 Notices and Communications

10.1 All notices and other communications shall be given in writing, and unless otherwise provided, shall be delivered by hand, facsimile, domestic or international mail, e-mail, MTx99 or such other means as MAS may determine from time to time to such address as the Depositor may notify MAS in writing, or as MAS may notify the Depositor in writing.

10.2 All such notices or communications may be delivered by any of the means specified below and shall be deemed to have been duly delivered:

- (a) if sent by hand, when received;
- (b) if sent by facsimile, when duly transmitted to the facsimile number of the addressee for the time being applicable;
- (c) if sent by international mail, 10 business days after the date of posting;
- (d) if sent by domestic mail to a Singapore address, 2 business days after the date of posting;
- (e) if sent by e-mail, 2 business days after the date of transmission to the e-mail address for the time being applicable;
- (f) if sent by SWIFT MTx99, when the MTx99 message has been acknowledged and received by SWIFT for transmission to the intended party.

PROVIDED ALWAYS that any notice or communication under Clause 9, any authorisation letter under Clause 5.1(a) and any manual back-up instruction under Clause 7.2 shall not be regarded as having been duly delivered unless sent by hand or by mail.

11 General Lien and Right of Set-off

11.1 Without prejudice to any other rights that MAS may have, statutory or otherwise, MAS may at any time and without notice to the Depositor:

- (a) consolidate, combine or merge all or any accounts (other than the SGS-Customer account) that the Depositor may have with MAS (whether arising hereunder or otherwise); and
- (b) realise, apply to, set-off, transfer or otherwise dispose of any securities standing to the credit of any these accounts (other than the SGS-Customer account), in or towards the satisfaction of any of the Depositor's liabilities (whether actual or contingent and in whatever currency) to MAS.

11.2 Further, MAS shall have a general lien over all and any of the securities deposited with MAS in the Depositor's SGS-Trade account for all claims. In the exercise of its general lien aforesaid, the MAS may dispose of all or any of the securities by way of a public or private sale without being required to obtain an order of court for the sale.

12 Liabilities of MAS

MAS, its officers and employees, and any person acting under the direction of MAS, shall not be liable for any loss or damage howsoever caused to the Depositor or its customers resulting from the operation of the SGS account(s) with MAS, unless MAS or the relevant officer, employee or person acting

under the direction of MAS has been found to have committed a reckless act or omission, or of intentional misconduct (including fraudulent acts), in a final decision made by a court in Singapore. For the avoidance of doubt, MAS, its officers and employees, and any person acting under the direction of MAS, shall not be liable (whether in contract, tort or otherwise) for:

- (a) any loss or damage suffered by the Depositor due to technical fault or failure, or due to circumstances outside the control of MAS, such as acts of God, war, acts of terrorism, riot, sabotage, natural disaster, industrial action or criminal activity;
- (b) any collateral, indirect, consequential or special loss or damages suffered by the Depositor; or
- (c) any losses, actions, claims, costs and charges, expenses and liabilities incurred or suffered by the Depositor as a result of any action taken or omitted in good faith by MAS, its officers and employees, and any person acting under the direction of MAS.

13 Indemnity

The Depositor shall fully indemnify and keep MAS fully indemnified at all times against any and all losses, actions, claims, damages, costs and charges, including legal costs and charges, expenses and liabilities incurred or suffered by MAS, arising directly or indirectly from the opening and use of the custody account(s) under this Agreement.

14 Fees and Charges

MAS may levy any fee or charge as it considers necessary or reasonable in the provision of the services herein and may vary such fee or charge, provided that

MAS shall give the Depositor not less than 30 days' prior written notice of the imposition or variation of such fee or charge.

15 Right to Amend Terms and Conditions

- 15.1 MAS reserves the right, from time to time or at any time, to amend all or any of these terms and conditions whether by addition, deletion, substitution or modification of any particular term or condition, and where any amendment is made, MAS shall give Depositors notice in writing of the amendment (“**Notice of Amendment**”) at least 30 days before the day the amendment becomes effective and binding.
- 15.2 Where the Depositor does not wish to continue to maintain its SGS account(s) with MAS after a Notice of Amendment has been given, it shall notify MAS in writing of its intention to terminate the SGS account(s) within 14 days of the date of the Notice of Amendment and the SGS account(s) shall be terminated on the day the amendment becomes effective and binding or at the end of the period stipulated in the notice of termination issued by the Depositor in accordance with Clause 9.1, whichever is earlier. Where no such notice is given by the Depositor within the 14-day period, the Depositor shall be deemed to have accepted and consent to the terms and conditions as amended on the date they become effective, and shall be bound by them as of the date of the amendments becoming effective as if the Depositor had originally agreed to such terms and conditions.
- 15.3 Notwithstanding Clauses 15.1 and 15.2, MAS may cause any amendment to these terms and conditions to become effective and binding upon the Depositor at any time if MAS determines, at its discretion, that exigent circumstances exist which require that such amendment become effective for the protection of MAS, national or public interest, public security or safety or for the Depositor to comply with legal or regulatory requirements, provided always that this Clause 15.3 shall not apply to any amendment which would

have the effect of rendering transactions settled under MEPS+ no longer final and irrevocable.

- 15.4 Notwithstanding any amendment referred to in this Clause, the terms and conditions applicable prior to the amendment shall apply and continue to apply to anything done by the Depositor or MAS, or any event which has happened, as the case may be, before the amendment becomes effective, and for that purpose, any such amendment shall not have the effect of terminating the securities account(s).

16 Applicable Laws

This Agreement shall be governed by and construed in accordance with the laws of Singapore. All proceedings relating to any dispute arising from or in connection with this Agreement shall be commenced in the courts of Singapore and the parties irrevocably submit to the exclusive jurisdiction of the courts of Singapore.

Date: _____

Operations & Custody Administration Division
Finance Department
Monetary Authority of Singapore
10 Shenton Way #27-00
MAS Building
Singapore 079117

Dear Sir,

TRANSFER OF SINGAPORE GOVERNMENT SECURITIES AND MAS BILLS

We, _____ wish to
(Name of Depositor/ account number)
transfer the following security(ies) out from our SGS-Reserve account on a free-of-payment basis for
value _____:

Issue/ISIN Code

Nominal Value

2. We hereby authorise you to credit the said securities to the SGS-Trade / SGS-Customer
[CUS/WT0/WT1/WT2⁺] / SGS-Reserve* account of _____
(Name of Depositor/ account number)
_____.

Yours faithfully

Authorised Signature(s)

Company Stamp

Names of Authorised Signatory(ies)

* Please delete whichever is inapplicable.

+ Please delete whichever is inapplicable. If no customer sub-account is indicated, the SGSMB will be transferred to the "CUS" customer sub-account.

To: The Executive Director
 Finance Department
 Monetary Authority of Singapore
 10 Shenton Way #27-00
 MAS Building
 Singapore 079117

Date:

From: _____
 (Name of Institution)

AUTHORISED SIGNATORIES LIST FOR MANUAL SINGAPORE GOVERNMENT SECURITIES AND MAS BILLS (SGSMB) INSTRUCTIONS TO MAS

Effective Date of this list: _____

For the purpose of Clause 5.1(a)/7.2*, manual SGSMB instructions to MAS submitted in hardcopy or in a CD-ROM¹ shall be deemed to be proper and authorised if signed by any two signatories/one signatory each from group A and B*. The Depositor should take into account its operational and internal control requirements when determining the number of authorised signatories to be submitted to MAS. MAS' agreement is required if the Depositor intends to submit more than 8 signatories.

Group (A or B)	Name	Designation	Specimen Signature

* Delete whichever is not applicable. If there are no deletions made, it shall be deemed to be "any two signatories".

Authenticated by the undersigned:

 Authorised Signature(s) and Company Stamp

 Name(s) of Authorised Signator(ies)

¹ Applicable in relation to manual back-up instructions given for the purpose of Clause 7.2.

Executive Director
Finance Department
Monetary Authority of Singapore
10 Shenton Way #27-00
MAS Building
Singapore 079117

Date: _____

Dear Sir

**LETTER OF UNDERTAKING FOR SINGAPORE GOVERNMENT SECURITIES AND
MAS BILLS**

Pursuant to Clause 6.1 of the terms and conditions governing the operation of our SGS account(s), we undertake to disclose in our company's income tax returns, any interest or discount earned on any SGSMB held by us for our own account for the computation of our tax liability under the Income Tax Act (Cap. 134).

Yours faithfully

Authorised Signature(s)

Company Name and Stamp

Names of Authorised Signatory(ies)