

No. S 000 -

**PAYMENT SYSTEMS (OVERSIGHT) ACT 2006
(ACT 1 OF 2006)**

**PAYMENT SYSTEMS (OVERSIGHT) (SINGAPORE DOLLAR
CHEQUE CLEARING SYSTEM AND INTER-BANK GIRO
SYSTEM) REGULATIONS 2006**

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In exercise of the powers conferred by section 56 of the Payment Systems (Oversight) Act 2006, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Payment Systems (Oversight) (Singapore Dollar Cheque Clearing System and Inter-bank GIRO System) Regulations 2006 and shall come into operation on 23rd June 2006.

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;
 - (c) such other physical or electronic payment instruments as the Authority may authorise from time to time by notification in the *Gazette*; and

(d) in relation to physical payment instruments, where the original thereof has been certified by any participant as lost, the certified true copies thereof whether in the form of microfilm, photocopy or other means authorised by the Authority;

“bank in Singapore” has the same meaning as in section 2 of the Banking Act (Cap. 19);

“clearing”, in relation to articles presented by any participant to the clearing house through the system (whether the presentation is made by way of physical delivery of the articles or electronic transmission of the data on the articles or transmission of electronic payment instruments to the clearing house), means the process by which the operator collates all articles, data on the articles or electronic payment instruments presented to the clearing house and computes —

- (a) the sum due to a participant from all other participants; and
- (b) the sum payable by the participant to all other participants;

“clearing house” means the Automated Clearing House that is established under the Banking (Clearing House) Regulations;

“operator”, in relation to the system, means the operator specified in the Payment Systems (Oversight) (Designated Payment Systems) Order 2006 as the operator of the system;

“participant” means a participant of the system;

“settlement account” means an account opened with a settlement institution in —

- (a) the real-time gross settlement system that is deemed to be established by the Authority under section 29A(7) of the Monetary Authority of Singapore Act (Cap. 186); or
- (b) any other system, as may be specified by the Authority by notification in the *Gazette*, being a system that is designated by the Authority under section 7 of the Act and section 3 of the Payment and Settlement Systems (Finality and Netting) Act (Cap. 231),

for the settling of obligations, arising out of each day’s clearing, between participants;

“system”, in relation to —

- (a) articles that are physical payment instruments, means the Singapore dollar cheque clearing system; and
- (b) articles that are electronic payment instruments, means the inter-bank GIRO system.

Participants to open settlement account

3.—(1) Every participant shall —

- (a) open a settlement account; or
- (b) appoint another participant which has opened a settlement account (referred to in these Regulations as a settlement agent),

to settle all obligations due from the first-mentioned participant to any other participant arising out of each day's clearing.

(2) In the case where a participant appoints a settlement agent under paragraph (1)(b), the participant shall, before any obligation is settled by the settlement agent on his behalf, give the operator notice in writing of the appointment, accompanied by a written confirmation from the settlement agent of such appointment.

(3) Any participant who intends to terminate the appointment of his settlement agent shall notify the operator in writing not less than 7 days before the date of termination of such appointment.

(4) The operator shall notify the Authority of any appointment of a settlement agent under paragraph (1)(b) or any intended termination of such appointment under paragraph (3) as soon as practicable.

(5) Any participant who fails to comply with the 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 and, in the case of a continuing offence, to a further fine not exceeding \$5,000 for every day or part thereof during which the offence continues after conviction.

Procedure at close of each day's clearing

4.—(1) At the close of each day's clearing, the operator shall deliver a statement of transfer setting out the obligations arising out of the day's clearing to the settlement institution which shall effect the settlements by debiting and crediting the participants' settlement accounts.

(2) In preparing the statement referred to in paragraph (1), the operator shall take into account any notice given by participants under regulation 3(2) or (3).

Funds to meet participant's obligations

5.—(1) A participant shall —

- (a) where it has opened a settlement account, ensure that there are sufficient funds in its settlement account to meet its obligations arising out of each day's clearing; or
- (b) where it has appointed another participant as its settlement agent, ensure that its settlement agent shall settle its obligations arising out of each day's clearing.

(2) A participant referred to in paragraph (1)(a) shall make arrangements to ensure that, if the funds in its settlement account are insufficient to meet its obligations arising out of the day's clearing, the deficit in its settlement account can be covered.

(3) Any participant who fails to settle its obligations arising out of any day's clearing by such time as may be specified in the rules of the settlement institution shall, except where such failure is due to a default on the part of its settlement agent, if any, be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 and, in the case of a continuing offence, to a further fine not exceeding \$10,000 for every day or part thereof during which the offence continues after conviction.

Defaulting participant

6.—(1) Where a participant has contravened regulation 5(1) (referred to in these Regulations as the defaulting participant), the Authority may, in its discretion, exercise all or any of the following powers:

- (a) suspend from clearing the defaulting participant and inform the Singapore Clearing House Association that the defaulting participant has been suspended;
- (b) in the case where the defaulting participant is a bank in Singapore, regard the defaulting participant as being unable to meet its obligations under section 49 of the Banking Act (Cap. 19);
- (c) suspend from clearing all or any of the participants for which the defaulting participant is the settlement agent (referred to in these Regulations as the principal participants) and inform the Singapore Clearing House Association that the principal participants have been suspended; and
- (d) in the case where a principal participant is a bank in Singapore, regard the principal participant as being unable

to meet its obligations under section 49 of the Banking Act (Cap. 19).

(2) Where a defaulting participant has been suspended from clearing by the Authority under this regulation, no participant shall present articles drawn on or payable to the defaulting participant for clearing.

Re-admission of suspended participant

7. The Authority may, in its discretion, re-admit a participant suspended from participating in the clearing if the participant takes such steps as the Authority may consider necessary to ensure that the participant fulfils its obligations arising out of the clearing.

Made this 15th day of June 2006.

HENG SWEE KEAT
Managing Director,
Monetary Authority of
Singapore.

[SRD/0/185/2003; AG/LRRD/3/2003/6]