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**ANNEX 2**

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

**DISCLAIMER:** This version of the Regulations is in draft form and is subject to change.

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**No. S 000 –**

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

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

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

**Citation and commencement**

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

**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, gift cheques drawn on a participant and payable in Singapore dollars;
- (b) GIRO items, being electronic instruments that are drawn on a participant and payable in Singapore dollars;
- (c) such other physical or electronic instruments as the Authority may authorise from time to time by way of notification in the *Gazette*; and
- (d) in relation to physical instruments, where the originals thereof have 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” means, in respect of articles presented by a participant to the clearing house through the system (whether the presentation is made by way of physical delivery of articles or electronic transmission of the data on the articles or transmission of electronic instruments to the clearing house), the process by which the operator —

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- (a) in respect of articles which are delivered to the clearing house by way of physical delivery for clearing, verifies the correctness of the amount of the participant's claim (as stated on the pay-in slip which accompanies the articles) against the total value of the articles received by the clearing house and makes any necessary adjustments so as to tally the 2 amounts; and
- (b) computes from articles —
- (i) the sum due to the participant from all other participants; and
- (ii) 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” means the operator specified in the Banking (Clearing House) Regulations that operates the system;
- “participant” means a participant of the system;
- “settlement account” means —
- (a) an account in 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) an account in 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 6 of the Act and section 3 of the Payment and Settlement Systems (Finality and Netting) Act (Cap. 231);
- “settlement system operator” means the operator of the system in which a settlement account is or can be opened;
- “system”, in relation to —
- (a) articles that are physical instruments, means the Singapore dollar cheque clearing system; and
- (b) articles that are electronic instruments, means the inter-bank GIRO system.

### **Participants to open a 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 settlement agent),

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

(2) Any participant that appoints another participant as its settlement agent under paragraph (1)(b) shall submit to the operator a notice in writing accompanied by a written confirmation of such appointment from its settlement agent, before any obligation is settled by the settlement agent on behalf of first-mentioned participant.

(3) Any participant that terminates the appointment of its settlement agent shall notify the operator in writing not less than [ ] days before the date of termination of such appointment.

(4) The operator shall notify the Authority of any appointment under paragraph (1)(b) or any termination of such appointment under paragraph (1)(c) as soon as practicable.

(5) Any participant that 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 [ ] and, in the case of a continuing offence, with a further fine not exceeding [ ] 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 clearing settlements to the settlement system operator which shall effect the clearing 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 paragraph 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 clearing, the deficit in its settlement account can be covered.

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(3) Any participant that 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 system operator 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 [ ] and, in the case of a continuing offence, with a further fine not exceeding [ ] 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;
- (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.

(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.

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Made this            day of            2006.

HENG SWEE KIAT  
*Managing Director,*  
*Monetary Authority of Singapore.*

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