

MAS NOTICE FNA-N01

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(REFER TO ENDNOTES FOR HISTORY OF AMENDMENTS)

NOTICE ON CRITERIA OF RULES OF A DESIGNATED SYSTEM

PAYMENT AND SETTLEMENT SYSTEMS (FINALITY AND NETTING) ACT 2002

INTRODUCTION

1. This Notice is issued pursuant to section 20A read with section 19A(3)(a) of the Payment and Settlement Systems (Finality and Netting) Act (Cap. 231) ("FNA") and applies to an operator, a settlement institution and a collateral holder of a designated system.
2. This Notice sets out the criteria that the Monetary Authority of Singapore (the "Authority") will apply when considering an application to approve the Rules of a designated system in relation to the operator, settlement institution or collateral holder of the designated system.
3. The expressions used in this Notice shall, except where defined in this Notice or where the context otherwise requires, have the same meanings as in the FNA.
4. This Notice shall take effect immediately.

CRITERIA FOR RULES

5. **Definitions.** The operator, settlement institution and the collateral holder shall define or clearly set out the following terms or equivalent terms in the Rules where applicable, taking into account the definitions of the terms in section 2(1) of the FNA.
 - a. "book-entry securities";
 - b. "business day";
 - c. "collateral holder";
 - d. "collateral security";
 - e. "default arrangements";
 - f. "defaulter";
 - g. "disposition of property";
 - h. "netting";
 - i. "operator";
 - j. "participant";
 - k. "Rules";
 - l. "settlement institution";
 - m. "system"; and
 - n. "transfer order".

6. **Final and irrevocable.** For the purposes of section 7(1) of the FNA, the Rules shall clearly set out the following points at which transfers, netting or settlement are final and irrevocable:
- the specific point at which the transfer of funds into and out of an account of a participant takes place;
 - the specific point at which netting or settlement of any payment obligation takes place; and
 - the specific point at which settlement and transfer of book-entry securities takes place.
7. **Precedence over law of insolvency.** For the purposes of section 8 of the FNA, the Rules shall clearly set out the following steps for transfers, netting or settlement to take precedence over the law of insolvency:
- the steps to be taken in the entry, netting and settlement of a transfer order¹, and the disposition of property in pursuance of such an order;
 - the steps to be taken under default arrangements, including handling of collateral security or effecting of netting, where relevant; and
 - any other action that could be taken under the Rules, that relate to transfers, netting or settlement and which has not been dealt with under its default arrangements.
8. **Transfer orders entered into and netting in a designated system.** For the purposes of sections 12 and 13 of the FNA, the Rules shall clearly set out the following steps for transfer orders entered into and netting in a designated system:
- the steps to be taken for entering transfer orders up to and including one business day after a court order for bankruptcy, judicial management or winding up in respect of a participant is made, a resolution for the participant to be placed under the judicial management of a judicial manager is passed under section 94(11) of the Insolvency, Restructuring and Dissolution Act 2018 or a resolution for the voluntary winding up of the participant is passed; and
 - the steps for netting to be taken in respect of transfer orders entered up to and including one business day after a court order for bankruptcy or winding up of a participant is made or a resolution for the voluntary winding up of the participant is passed.

[MAS Notice FNA-N01 (Amendment) 2026]

Endnotes on History of Amendments

- MAS Notice FNA-N01 (Amendment) 2026 with effect from 1 July 2026.

¹ Includes a transfer order in relation to the netting and settlement of individual transfer orders.