

Directive 25

18 Dec 1987

Directives to Merchant Banks

Conduct Of Business

Obligations and Privileges of Dealers

25(1)(a) A Primary and a Registered dealer:

- (i) shall regularly publish bona fide competitive bid and offer quotations in all securities; and
- (ii) shall be ready, willing and able to effect transactions at its quoted prices with other persons in respect of those securities in such amounts as stipulated in the Rules and Market Practices,
provided that where a particular Government security is considered as illiquid by the Market Committee of the Government Securities Market, Directive 25(1)(a)(i) and (ii) shall not apply;

(b) Notwithstanding Directive 25(1)(a), a Primary and a Registered dealer shall at the request of the Authority, make bid and offer quotations for securities which shall give effect to the Authority's conduct of open market operations through transactions in such securities;

(c) Primary dealers shall tender for primary issues of securities provided such dealers evidence, to the satisfaction of the Authority, their willingness to tender for a percentage of each primary issue of securities which approximately corresponds to their market share of securities transactions in the secondary market for such securities and provided further that nothing herein shall be construed as restricting the Authority from extending the privilege to any other person.

Certain Representations by Dealers Prohibited

25(2)(a) No dealer shall represent or imply or knowingly permit to be represented or implied in any manner to any person that its abilities or qualifications have in any respect been approved by the Authority;

(b) A statement that a merchant bank has been approved by the Authority as a Government securities dealer or as a Primary dealer or as a Registered dealer or as a Secondary dealer is not a contravention of Directive 25(2)(a) provided that statement is true.

Confirmation of Transactions

25(3) A dealer shall in respect of a transaction in securities forthwith but in any event not later than the next business day send a confirmation note of the transaction to the person whether with or for whom the dealer has entered into the transaction.

Safeguarding of records

25(4) A dealer shall take reasonable precaution for safeguarding against falsification of books, accounts, documents or records required to be kept by him and for facilitating discovery of any falsification.

Clients' rights to copies of book entries

25(5)(a) Subject to Directive 25(5)(b) a dealer shall supply on demand to its clients or any person authorised by the client copies of contract notes and vouchers and extracts of entries in its books relating to any transaction carried out on behalf of that client, and it shall be entitled to levy a reasonable charge therefor.

(b) A dealer shall not be required to keep copies of contract notes, vouchers and other documents relating to any securities transaction carried out on behalf of a client, exceeding six years from the date of the transaction.

Repurchase Transactions

25(6)(a) A dealer may enter into repurchase agreements only where the other party to the transaction is a financial institution.

(b) A reference to a "financial institution" in Directive 25(6)(a) is a reference to:

- (i) a bank which is licensed under the Banking Act; Cap. 19.
- (ii) a finance company which is licensed under the Finance Companies Act; Cap. 108.
- (iii) a merchant bank that is approved as a financial institution under section 28 of the Monetary Authority of Singapore Act; Cap. 186.
- (iv) The Post Office Savings Bank of Singapore established under the Post Office Savings Bank of Singapore Act; Cap. 237.
- (v) a company or society registered under the Insurance Act; Cap. 142.

- (vi) a dealer licensed under the Securities Industry Act; Cap. 289.
- (vii) a Primary dealer; and
- (viii) a Registered dealer.

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