

Finance Companies (Exemption from sections 23(1) and 25(2)) Regulations 2017

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No. S 672

FINANCE COMPANIES ACT (CHAPTER 108)

FINANCE COMPANIES (EXEMPTION FROM SECTIONS 23(1) AND 25(2)) REGULATIONS 2017

In exercise of the powers conferred by sections 53(2) and 57(1) of the Finance Companies Act, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

1. These Regulations are the Finance Companies (Exemption from sections 23(1) and 25(2)) Regulations 2017 and come into operation on 1 December 2017.

Definitions

2. In these Regulations, unless the context otherwise requires —

“approved exchange” has the same meaning as in section 2(1) of the Securities and Futures Act (Cap. 289);

“business customer” means any customer —

- (a) that is a company; or
- (b) that is a person carrying on any form of trade, commerce or profession, or any other activity, for the purposes of gain, but does not include a person acting in the capacity of an employee or of a holder of an office;

“cheque” has the same meaning as in section 73 of the Bills of Exchange Act (Cap. 23);

“corporate purchasing card” means a credit card or charge card issued for the purpose of purchasing goods or services, other than services for entertainment purposes, on behalf of a body corporate, a partnership or a sole proprietor, where the body corporate, partnership or sole proprietor bears sole liability for all amounts charged to the credit card or charge card;

“credit card” or “charge card” has the same meaning as in section 56 of the Banking Act (Cap. 19);

“foreign exchange trading” means the act of entering into or offering to enter into, or inducing or attempting to induce a person to enter into or offer to enter into, a contract or an arrangement the effect of which is that —

- (a) a party agrees to exchange currency at an agreed rate of exchange with another party —
 - (i) whether the currency exchange is effected at the same time or at a specified future time; and
 - (ii) whether by way of delivery of an amount of currency for another currency, by way of crediting the account of the other party with an amount of another currency, by way of settlement or set-off between 2 or more persons or otherwise; or
- (b) a party agrees to settle in any manner with another party the difference between the value of any currency index agreed —
 - (i) at the time of the making of the contract or arrangement; and

- (ii) at a specified future time.

General exemptions

3.—(1) Subject to paragraphs (2), (3) and (4), Hong Leong Finance Limited, Sing Investments & Finance Limited, and Singapura Finance Ltd (each called in this regulation an exempt finance company) are exempt from —

- (a) sections 23(1)(a) and 25(2) of the Act in respect of the business of opening current accounts with facilities for —
 - (i) the issuance of cheques by any business customer of the exempt finance company;
 - (ii) the payment of cheques drawn on the exempt finance company by any business customer of the exempt finance company; and
 - (iii) the collection of cheques drawn by any business customer of the exempt finance company;
- (b) section 23(1)(b) of the Act in respect of the following activities:
 - (i) the business of entering into or offering to enter into, or facilitating the entering into by a person of, a contract or an arrangement the effect of which is to enable a business customer of the exempt finance company to hedge, cover or change the amount of a liability or an entitlement —
 - (A) from one foreign currency to another foreign currency or to Singapore dollars; or
 - (B) from Singapore dollars to a foreign currency;
 - (ii) financing the purchase of assets in foreign currency;
 - (iii) financing foreign currency denominated invoices under factoring and accounts receivable financing;
- (c) section 23(1)(f) of the Act in respect of unsecured advances, unsecured loans or unsecured credit facilities granted to a person for a purpose relating to the person's business; and
- (d) section 25(2) of the Act in respect of the business of —
 - (i) issuing corporate purchasing cards; and