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The following Act was passed by Parliament on 8 January 2018 and assented to by the President on 7 February 2018:—

REPUBLIC OF SINGAPORE

No. 4 of 2018.

I assent.

HALIMAH YACOB,
President.
7 February 2018.



An Act to amend the Payment and Settlement Systems (Finality and Netting) Act (Chapter 231 of the 2003 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1. This Act is the Payment and Settlement Systems (Finality and Netting) (Amendment) Act 2018 and comes into operation on a date that the Minister appoints by notification in the *Gazette*.

Amendment of section 2

2. Section 2(1) of the Payment and Settlement Systems (Finality and Netting) Act (called in this Act the principal Act) is amended —

(a) by deleting the definitions of “book-entry Government securities” and “default arrangements” and substituting the following definitions:

““book-entry securities” means any securities that —

(a) are issued —

(i) by the Government, or a statutory board, under any written law; or

(ii) by a corporation; and

(b) are transferable by a book-entry, on a register or otherwise;

“business day”, in relation to a designated system —

(a) in any case where the Rules of the designated system specify what constitutes a business day for that case, has the same meaning as in those Rules; or

(b) in any other case, means any day other than a Saturday, Sunday or public holiday;

“collateral holder”, in relation to a designated system, means any person who has possession, control or ownership of any collateral security

of the designated system under an arrangement with the operator of the designated system relating to that collateral security;

“collateral security”, in relation to a designated system, means any property held by or deposited with a collateral holder for the purpose of securing any liability arising directly in connection with ensuring —

(a) the clearing or settlement of payment obligations by the designated system;
or

(b) the clearing, settlement or transfer of book-entry securities by the designated system;

“default arrangements” means the arrangements made by the operator of a designated system to limit systemic and other types of risks that arise when a participant is or is likely to become unable to meet its obligations in respect of a transfer order, examples of which include any of the following arrangements:

(a) any arrangements for netting;

(b) any arrangements for the closing out of open positions;

(c) any arrangements relating to collateral security;”;

(b) by inserting, immediately after the definition of “relevant office holder”, the following definition:

“ “Rules”, in relation to a designated system, means any rules, regulations, by-laws or other similar body of written statements, by whatever name called, and whether or not contained in the constituent documents of the designated

system, that govern the activities and conduct of —

- (a) the designated system; and
 - (b) any other persons in relation to the designated system;”;
- (c) by deleting the definition of “settlement institution” and substituting the following definition:

“ “settlement institution”, in relation to a designated system, means any body corporate that —

- (a) provides accounts for the participants of the designated system, or facilitates the settlement of transfer orders between the participants in the designated system; and
 - (b) is specified in an order under section 3(1) to be the settlement institution of the designated system;”;
- (d) by deleting the word “Government” in paragraph (b) of the definition of “system”; and
- (e) by deleting the definition of “transfer order” and substituting the following definition:

“ “transfer order” means —

- (a) an instruction by a participant, which may be carried out in or through one or more designated systems —
 - (i) to place at the disposal of a recipient an amount of money by means of a book-entry on the accounts of a settlement institution for a designated system; or

- (ii) that, when settled, results in the assumption or discharge of a payment obligation as defined by the Rules of a designated system; or
- (b) an instruction by a participant to transfer book-entry securities.”.

Repeal and re-enactment of section 3

3. Section 3 of the principal Act is repealed and the following section substituted therefor:

“Designation of system

3.—(1) The Authority may, by order in the *Gazette*, designate a system to be a designated system for the purposes of this Act, if the Authority is satisfied that a disruption in the operations of the system may —

- (a) trigger, cause or transmit disruption to other participants;
 - (b) trigger or cause systemic disruption to the financial system of Singapore; or
 - (c) affect public confidence in the payment systems of Singapore or in the financial system of Singapore.
- (2) Any order made under subsection (1) —
- (a) must specify the operator and settlement institution of the designated system; and
 - (b) has effect until the order is revoked by the Authority.”.

Amendment of section 4

4. Section 4 of the principal Act is amended —

- (a) by inserting the word “or” at the end of subsection (1)(a)(iv);
- (b) by deleting the word “or” at the end of subsection (1)(a)(v);
- (c) by deleting sub-paragraph (vi) of subsection (1)(a);