

# **Government Securities (Amendment) Bill**

## **Table of Contents**

**Bill No: 25/2009**

***Read the first time: 23rd November 2009***

**Long Title**

**Enacting Formula**

**1 Short title and commencement**

**2 Amendment of section 2**

**3 New section 11A**

**4 Amendment of section 24**

**5 New section 24A**

**6 New Part VIIA**

**7 Amendment of section 31**

**8 Savings and transitional provisions**

**Explanatory Statement**

**Expenditure of Public Money**

## **Government Securities (Amendment) Bill**

## **Bill No. 25/2009**

*Read the first time on 23rd November 2009.*

An Act to amend the Government Securities Act (Chapter 121A of the 2002 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 may be cited as the Government Securities (Amendment) Act 2009 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

### **Amendment of section 2**

2. Section 2 of the Government Securities Act (referred to in this Act as the principal Act) is amended —

(a) by inserting, immediately after the definition of “book-entry Government securities”, the following definition:

“ “financial institution” means any person licensed, approved, registered or regulated by the Authority, or exempted from such licensing, approval, registration or regulation, under any written law administered by the Authority;” and

(b) by inserting, immediately after the definition of “Government securities”, the following definition:

“ “primary dealer” means a person approved under Part VIIA to be a primary dealer;”.

### **New section 11A**

3. The principal Act is amended by inserting, immediately after section 11, the following section:

#### **“Securities lending arrangements**

**11A.**—(1) The Authority may, from time to time, enter into securities lending arrangements by lending Government securities issued under this Act to primary dealers.

(2) Lending Government securities shall include an arrangement under which Government securities are sold and repurchased.

(3) Nothing in this section affects the power of the Minister to make investments under section 7 of the Financial Procedure Act (Cap. 109).”.

#### **Amendment of section 24**

4. Section 24 of the principal Act is amended —

(a) by deleting the words “Government securities” in the 1st line of subsection (1) and substituting the words “Subject to subsection (1A) and section 24A, Government securities”; and

(b) by inserting, immediately after subsection (1), the following subsection:

“(1A) In the case of Government securities that are held by the Authority for the purpose of securities lending to primary dealers under section 11A, such Government securities shall be redeemable on such conditions as are agreed upon between the Government and the Authority.”.

#### **New section 24A**

5. The principal Act is amended by inserting, immediately after section 24, the following section:

##### **“Early redemption**

**24A.**—(1) The Authority may, from time to time, by public notice invite the public to apply to redeem any Government securities specified in the public notice before the date of maturity of those Government securities.

(2) The public notice referred to in subsection (1) may specify —

(a) the terms and conditions relating to the early redemption of the Government securities specified in the public notice, including the manner in which any offer for early redemption shall be made; and

(b) such other information as the Authority may consider necessary.

(3) The Authority may refuse any application to redeem any Government securities before the date of maturity of those Government securities without assigning any reason.

(4) Section 24(2) and (3) shall apply, with the necessary modifications, to any

redemption of Government securities under this section.

(5) This section shall apply to Government securities issued on, before or after the date of commencement of section 5 of the Government Securities (Amendment) Act 2009.”.

## **New Part VIIA**

6. The principal Act is amended by inserting, immediately after section 29, the following Part:

### **“PART VIIA**

#### **PRIMARY DEALERS**

##### **Appointment as primary dealers**

**29A.**—(1) The Authority may, on application, appoint as a primary dealer any financial institution which carries on or intends to carry on, or holds itself out as carrying on or willing to carry on the business of either or both of the following:

- (a) applying to the Authority to purchase Government securities on behalf of another person in pursuance of any public invitation under section 30;
- (b) offering to redeem any Government securities on behalf of another person in pursuance of any public invitation under section 24A or otherwise.

(2) In determining whether to appoint a financial institution as a primary dealer, the Authority shall consider the following:

- (a) the financial standing of the financial institution;
- (b) the experience of that financial institution in carrying on the business referred to in subsection (1), and its ability to perform the duties which would be imposed on it by or under this Act; and
- (c) the public interest.

(3) The Authority may, in any particular case, require the financial institution applying to be appointed as a primary dealer (referred to in this section as an applicant) to furnish such information or document as the Authority deems relevant to its considerations under subsection (2).

(4) The Authority may refuse an application if —

- (a) the applicant does not furnish the Authority with such information or document as are required under subsection (3);
- (b) in the opinion of the Authority, the applicant does not meet, or is unlikely to be able to continue to meet, such requirements as may be prescribed in relation to carrying on any business referred to in subsection (1); or
- (c) the applicant makes any statement, or furnishes any information or document, in relation to its application that is false or misleading in any material particular, or omits to state any matter or thing without which its application is false or misleading in a material particular.

(5) Every appointment as a primary dealer under this section shall continue in force for such period as may be specified by the Authority, unless the appointment is earlier cancelled or suspended.

(6) If a person who is not a primary dealer carries on or holds himself out as carrying on or willing to carry on any business referred to in subsection (1), the person shall be guilty of an offence and shall be liable on conviction —

- (a) in the case of an individual, to a fine not exceeding \$125,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding \$12,500 for every day or part thereof during which the offence continues after conviction; or
- (b) in any other case, to a fine not exceeding \$250,000 and, in the case of a continuing offence, to a further fine not exceeding \$25,000 for every day or part thereof during which the offence continues after conviction.

### **Conditions of appointment as primary dealers**

**29B.**—(1) The Authority may appoint any financial institution as a primary dealer subject to such conditions or restrictions as the Authority thinks fit.

(2) Without prejudice to the generality of subsection (1), the Authority may impose such conditions or restrictions with respect to the type of services which may or may not be provided by the primary dealer as the Authority may consider appropriate.