

Monetary Authority of Singapore (Amendment) Bill

Table of Contents

Bill No: 1/2007

Read the first time: 22nd January 2007

Long Title

Enacting Formula

1 Short title and commencement

2 Amendment of long title

3 Amendment of section 2

4 Repeal and re-enactment of section 4

5 Amendment of section 7

6 Amendment of section 9

7 Amendment of section 11A

8 Amendment of heading to Part III

9 Repeal of section 21

10 Amendment of section 23

11 Amendment of section 24

12 Amendment of section 27A

13 New section 27B

14 New section 28A

15 Amendment of section 34

16 New section 41A

17 New Schedule

18 Related amendment to Currency Act

19 Savings

Explanatory Statement

Expenditure of Public Money

Monetary Authority of Singapore (Amendment) Bill

Bill No. 1/2007

Read the first time on 22nd January 2007.

An Act to amend the Monetary Authority of Singapore Act (Chapter 186 of the 1999 Revised Edition) and to make a related amendment to the Currency Act (Chapter 69 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 Monetary Authority of Singapore (Amendment) Act 2007 and shall come into operation on such date as the Minister may, by notification in the *Gazette*, appoint.

Amendment of long title

2. The long title to the Monetary Authority of Singapore Act (referred to in this Act as the principal Act) is amended by deleting the words “and to provide for the transfer to the corporation of certain functions and assets of the Government”.

Amendment of section 2

3. Section 2 of the principal Act is amended by inserting, immediately after the definition of “director”, the following definition:

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

Repeal and re-enactment of section 4

4. Section 4 of the principal Act is repealed and the following section substituted therefor:

“Principal objects and functions of Authority

4.—(1) The principal objects of the Authority shall be —

- (a) to maintain price stability conducive to sustainable growth of the economy;
- (b) to foster a sound and reputable financial centre;
- (c) to ensure prudent and effective management of the official foreign reserves of Singapore; and
- (d) to grow Singapore as an internationally competitive financial centre.

(2) The functions of the Authority shall be —

- (a) to act as the central bank of Singapore, including the conduct of monetary policy, the issuance of currency, the oversight of payment systems and serving as banker to and financial agent of the Government;
- (b) to conduct integrated supervision of financial services and financial stability surveillance;
- (c) to manage the official foreign reserves of Singapore; and
- (d) to develop Singapore as an international financial centre.”.

Amendment of section 7

5. Section 7 of the principal Act is amended —

- (a) by deleting the words “banking and credit policy” in subsection (2) and

substituting the words “regulatory, supervisory and monetary policies”;
and

(b) by inserting, immediately after subsection (3), the following subsection:

“(4) The board shall furnish the Minister with such information as the Minister may require in respect of the duties and functions of the Authority.”.

Amendment of section 9

6. Section 9 of the principal Act is amended by deleting subsection (5) and substituting the following subsection:

“(5) In the event of the absence or inability to act of the managing director, the Minister may appoint —

(a) a director; or

(b) with the President’s concurrence, an officer of the Authority who holds the appointment of assistant managing director or its equivalent or above,

to discharge the duties of the managing director during the period of his absence or inability to act.”.

Amendment of section 11A

7. Section 11A of the principal Act is amended by inserting, immediately after the words “as the case may be”, the words “, and may refuse to concur with an appointment by the Minister under section 9(5)(b)”.

Amendment of heading to Part III

8. Part III of the principal Act is amended by deleting the words “TRANSFER OF FUNCTIONS, EMPLOYEES AND ASSETS,” in the Part heading.

Repeal of section 21

9. Section 21 of the principal Act is repealed.

Amendment of section 23

10. Section 23 of the principal Act is amended —

(a) by deleting the words “powers, duties and functions transferred to it by virtue of section 21” in subsection (1) and substituting the words

“functions referred to in section 4(2)”;

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

“(ea) grant any loan, advance, overdraft or other credit facility to the Government on such terms and conditions as the Authority thinks fit;”;

(c) by deleting the words “securities and investments authorised by the President on the recommendation of the board” in subsection (1)(m) and substituting the words “such other securities, financial instruments and investments as may be approved by the board”; and

(d) by inserting, immediately after subsection (2), the following subsections:

“(3) In subsection (1), a reference to the purchase of any securities or Treasury bills includes subscribing for such securities or Treasury bills.

(4) Notwithstanding subsection (1), the Authority shall not grant any loan, advance, overdraft or other credit facility to the Government, or underwrite any loan to the Government, unless the Authority is satisfied that such loan, advance, overdraft or credit facility is required by the Government to meet unexpected and temporary shortfall in the Government’s revenue relative to its expenditure.

(5) Notwithstanding subsection (1), the Authority shall not directly subscribe for any securities issued by the Government or any public authority.

(6) Subsection (5) shall not apply to any subscription for debt securities issued by the Government or any public authority that is made in connection with —

(a) in the case of debt securities (including Treasury bills) issued by the Government, the conduct of monetary policy or the development of the bond market in Singapore; or

(b) in the case of debt securities issued by any public authority, the development of the bond market in Singapore,

but only insofar as the subscription does not compromise the object of the Authority referred to in section 4(1)(a).