

# **Banking (Amendment) Regulations 2009**

## **Table of Contents**

## **Enacting Formula**

### **1 Citation and commencement**

### **2 Amendment of regulation 23**

### **3 New regulation 23A**

**No. S 18**

## **BANKING ACT (CHAPTER 19)**

### **BANKING (AMENDMENT) REGULATIONS 2009**

In exercise of the powers conferred by sections 30(1)(*d*) and 78(1) of the Banking Act, the Monetary Authority of Singapore hereby makes the following Regulations:

#### **Citation and commencement**

1. These Regulations may be cited as the Banking (Amendment) Regulations 2009 and shall come into operation on 19th January 2009.

#### **Amendment of regulation 23**

2. Regulation 23(1) of the Banking Regulations (Rg 5) is amended —

- (*a*) by inserting, immediately after the words “an asset” in sub-paragraph (*a*), the words “for an amount of money (the original price)”;
- (*b*) by deleting sub-paragraph (*b*); and
- (*c*) by inserting, immediately after the words “the asset” in the last line of sub-paragraph (*c*), the words “or appoints the customer, or any other person as

an agent of the bank, to sell the asset on its behalf”.

### **New regulation 23A**

3. The Banking Regulations are amended by inserting, immediately after regulation 23, the following regulations:

#### **“Prescribed inter-bank purchase and sale business**

**23A.**—(1) For the purposes of section 30(1)(d) of the Act, and subject to paragraph (3), the business of purchasing and selling assets is prescribed as a business that any bank in Singapore may carry on, or enter into any partnership, joint venture or other arrangement with any person to carry on, if such business is carried on under the following arrangement:

- (a) for the purpose of making funds of the bank (“A”) available to another bank or merchant bank (“B”), A purchases, or appoints B or any other person as an agent of A to purchase on its behalf, an asset for an amount of money (the original price), in circumstances where the asset is existing at the time of the purchase;
- (b) B purchases the asset from A at a price (the marked-up price) that is greater than the original price, and sells the asset, or appoints A, or any other person as an agent of B, to sell the asset on its behalf;
- (c) A and B, respectively, do not derive any gain or suffer any loss from any movement in the market value of the asset other than the difference between the marked-up price and the original price (which represents the profit or return to A for making funds available to B); and
- (d) the marked-up price or any part thereof is not required to be paid by B to A until after the date of sale of the asset by B.

(2) For the purposes of section 30(1)(d) of the Act, and subject to paragraph (3), the arrangement set out in paragraph (1), in circumstances where the roles of A and B are reversed, is prescribed as a business that any bank in Singapore may carry on or enter into any partnership, joint venture or other arrangement with any person to carry on.

(3) The bank shall notify the Authority of its —

- (a) intention to commence the business referred to in paragraph (1); or
- (b) commencement of such business within 14 days after the commencement of such business.