

Banking (Amendment) Bill

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Bill No: 22/1993

Read the first time: 30th July 1993

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Expenditure of Public Money

Banking (Amendment) Bill

Bill No. 22/1993

Read the first time on 30th July 1993.

An Act to amend the Banking Act (Chapter 19 of the 1985 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 Banking (Amendment) Act 1993 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 Banking Act is amended by deleting subsection (3) and substituting the following subsection:

- “(3) For the purposes of sections 9, 10, 29, 31 and 33, “capital funds” means —
- (a) in the case of a bank whose head office is situated in Singapore, the paid-up capital and published reserves of that bank deduction having been made in respect of any debit balance appearing in the profit and loss account of the bank; and
 - (b) in the case of a bank whose head office is situated outside Singapore, the net head office funds and such other liabilities as the Authority may decide.”.

Repeal and re-enactment of sections 9 and 10

3. Sections 9 and 10 of the Banking Act are repealed and the following sections substituted therefor:

“Minimum capital requirements

9.—(1) Subject to this Act, a bank shall not be granted or hold a licence unless —

- (a) in the case of a bank incorporated in Singapore which holds a licence to carry on banking business on the appointed day, its capital funds are subject to this section not less than \$800 million;
- (b) in the case of a bank incorporated in Singapore which is granted a licence to carry on banking business after the appointed day, its issued and paid-up capital is not less than \$800 million and its capital funds are not less than that amount;
- (c) in the case of a bank whose head office is situated outside Singapore —
 - (i) its issued and paid-up capital is not less than the equivalent of \$200 million, deduction having been made in respect of any debit balance appearing in the profit and loss account of the bank; and
 - (ii) it holds net head office funds of not less than \$10 million in Singapore in respect of its business in Singapore at all times

and not less than \$5 million of those net head office funds are in the form of assets approved by the Authority.

(2) Notwithstanding subsection (1)(a), the Authority may, at any time after 5 years from the appointed day, by order require the issued and paid-up capital of a bank to which that subsection applies to be not less than \$800 million within such time as may be specified in that order.

(3) A bank which has its head office outside Singapore and which holds a licence to carry on banking business in Singapore on the appointed day shall —

- (a) be exempt from subsection (1)(c)(i); and
- (b) be exempt from subsection (1)(c)(ii) for a period of 6 months from the appointed day or such further period as the Authority may, on application by such a bank, approve subject to such conditions as the Authority thinks fit:

Provided that the bank's net head office funds shall not, at any time after the appointed day, be less than \$3 million in the form of such assets as the Authority may approve.

(4) A bank to which subsection (1)(a) applies which has capital funds of less than \$800 million on the appointed day shall be exempt from the requirement of that provision for 5 years from the appointed day, except that the bank shall not during that period allow its capital funds to be less than its capital funds on that day.

(5) A bank whose issued and paid-up capital is at least 75% owned by another bank incorporated in Singapore with capital funds of not less than \$800 million on the appointed day may apply in writing to the Authority to extend the period of 5 years referred to in subsection (4); and the Authority may approve the application with or without conditions.

(6) A bank incorporated in Singapore shall not reduce its paid-up capital during the currency of its licence without the approval of the Authority.

(7) The Authority may restrict or suspend the operations of a bank which fails to comply with subsection (2), (4) or (6), as the case may be.

(8) In this section and section 10, “appointed day” means the date of commencement of the Banking (Amendment) Act 1993.

Capital ratio

10.—(1) The Authority may require banks to maintain capital funds in Singapore in proportion to their total assets or to every category of assets at such ratio or ratios as may from time to time be determined by the Authority by notice in writing.

(2) A bank incorporated in Singapore shall not, at any time, have a capital adequacy ratio of less than 12%, or such other percentage as may be determined by the Authority from time to time, as calculated in accordance with such form, content and manner as may be determined by the Authority by notice in writing.

(3) A bank incorporated in Singapore which on the appointed day is unable to comply with the capital adequacy ratio required by subsection (2) shall, within one year from that day, comply with such ratio but the bank's capital adequacy ratio shall not at any time during that period be less than its capital adequacy ratio on the appointed day.

(4) The Authority may suspend or restrict the operations of a bank which fails to comply with subsection (2) or (3) or any requirement of the Authority under subsection (1).”.

New section 11A

4. The Banking Act is amended by inserting, immediately after section 11, the following section:

“Appeal to Minister

11A. Any applicant who is aggrieved by the refusal of the Authority to grant a licence under section 7(3) or 11 may, within 30 days of the decision of the Authority, appeal in writing to the Minister whose decision shall be final and shall be given effect to by the Authority.”.

New sections 14A to 14C

5. The Banking Act is amended by inserting, immediately after section 14, the following sections:

“Approval by Minister for merger of certain banks

14A.—(1) Subject to this section and section 14B, on the joint application of a bank and one or more banks which are wholly-owned subsidiaries of that bank, the Minister may approve the merger of those banks and issue a certificate of approval.

(2) The issue of a certificate of approval by the Minister under subsection (1) merges the banks that are parties to the merger agreement on which the application for the certificate of approval is based.