

Banking (Amendment) (No. 2) Regulations 2009

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No. S 203

BANKING ACT (CHAPTER 19)

BANKING (AMENDMENT) (NO. 2) 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) (No. 2) Regulations 2009 and shall come into operation on 7th May 2009.

New regulations 23C and 23D

2. The Banking Regulations (Rg 5) are amended by inserting, immediately after regulation 23B, the following regulations:

“Prescribed joint purchase and periodic sale business

23C.—(1) For the purposes of section 30(1)(d) of the Act, and subject to paragraph (2), the business of jointly purchasing and selling (on a periodic basis) assets (whether in the form of movable or immovable property) 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, if such business is carried on under the following arrangement:

- (a) the bank, or the bank's agent, jointly purchases an asset with the customer at the request of the customer and contributes an amount of money towards the purchase price (the contribution) for the purposes of financing the use or purchase, or both, of the asset by the customer;
- (b) the bank, or the bank's agent —
 - (i) sells a portion of its share of the asset on a periodic basis to the customer for an amount of money determined at the start of the arrangement (the redemption); and
 - (ii) leases the unsold portion of its share of the asset to the customer for an amount of money determined at the start of the arrangement (the rental);
- (c) in a case where the asset is not in existence at the time of the joint purchase and the bank, or the bank's agent, leases the unsold portion of its share of the asset to the customer, an amount of money (the advance payment) may be paid by the customer to the bank, or the bank's agent, for the subsequent use of that portion of the asset;
- (d) the bank, or the bank's agent, appoints the customer, or a third party, to take on the obligations in connection with the use of the asset, including its maintenance and insurance;
- (e) in the event of an early termination of the arrangement, the customer shall purchase from the bank, or the bank's agent, the remainder of the unsold portion of the bank's, or the bank's agent's, share of the asset at a price determined at the start of the arrangement (the early termination price);
- (f) upon expiry of the arrangement, the customer shall have purchased from the bank, or the bank's agent, the whole of the bank's, or the bank's agent's, share of the asset and obtained full ownership of the asset;
- (g) the total amount payable by the customer for the asset comprising —
 - (i) the advance payment;
 - (ii) the redemption;
 - (iii) the rental; and
 - (iv) the early termination price,