

# **Deposit Insurance Regulations 2006**

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DEPOSIT INSURANCE ACT 2005  
(ACT 31 OF 2005)

DEPOSIT INSURANCE REGULATIONS 2006

In exercise of the powers conferred by sections 8, 21, 22 and 36 of the Deposit Insurance Act 2005, the Monetary Authority of Singapore hereby makes the following Regulations:

**Citation and commencement**

1.—(1) These Regulations may be cited as the Deposit Insurance Regulations 2006 and shall, with the exception of regulation 5, come into operation on 5th January 2006.

(2) Regulation 5 shall come into operation on the effective date appointed under section 30(5) of the Act.

**Definitions**

2. In these Regulations, unless the context otherwise requires —

“Accounting Standards” has the same meaning as in section 4(1) of the Companies Act (Cap. 50);

“advocate and solicitor” means an advocate and solicitor of the Supreme Court who has in force a practising certificate;

“associated company” has the same meaning as the term “associate” defined in the Accounting Standards;

“banking corporation” means —

(a) any bank licensed by the Authority under the Banking Act (Cap. 19);  
or

(b) any entity licensed, registered, approved or otherwise regulated as a bank in the country of establishment;

“classified”, in relation to a credit facility, means any credit facility which has been categorised by a Scheme member as

“substandard”, “doubtful” or “loss” pursuant to any notice in writing issued by the Authority under any written law;

“company” and “corporation” have the same respective meanings as in section 4(1)

of the Companies Act;

“counterparty related to the Scheme member” includes any holding company, subsidiary or associated company of the Scheme member, and any subsidiary or associated company of any holding company of the Scheme member;

“credit facility” means —

- (a) the granting by a Scheme member of advances, loans and other facilities whereby a customer of the Scheme member has access to funds or financial guarantees; or
- (b) the incurring by a Scheme member of other liabilities on behalf of a customer;

“debt security” includes any debenture, bond or note;

“eligible asset” means any of the assets listed in the First Schedule which may be included by a Scheme member for the purposes of computing the asset maintenance ratio under regulation 6;

“eligible pledged asset” has the meaning given to it by regulation 6(3);

“foreign bank” means a full bank which is incorporated in a jurisdiction other than Singapore and operating branches or offices located within Singapore;

“holding company” and “subsidiary” have the same respective meanings as in section 5 of the Companies Act (Cap. 50);

“housing loan” means a credit facility granted to an individual for the purchase of residential property where the credit facility is secured on that property;

“investment grade” means any of the following credit ratings issued by the respective credit rating agencies:

- (a) BBB-minus or better by Fitch, Inc.;
- (b) Baa or better by Moody’s Investor Services;
- (c) BBB-minus or better by Standard and Poor’s Corporation;

“merchant bank” means a merchant bank approved under section 28 of the Monetary Authority of Singapore Act (Cap. 186);

“minimum cash balances” means the minimum cash balances maintained on deposit with the Authority by a bank as reserves against its deposit and other liabilities under section 39 of the Banking Act (Cap. 19);

“minimum liquid assets” means the minimum amount or amounts of liquid assets

held by a bank under section 38 of the Banking Act;

“practising certificate” means a certificate issued by the Registrar under section 25 of the Legal Profession Act (Cap. 161);

“share” has the same meaning as in section 4(1) of the Companies Act;

“Singapore Government Securities” means any debt securities issued by the Government under any written law.

### **Premium year**

**3.**—(1) Subject to paragraph (2), for the purposes of the definition of “premium year” in section 2(1) of the Act, the Authority hereby prescribes the premium year to be the period beginning on 1st April of any year and ending on 31st March of the following year.

(2) Where the effective date appointed under section 30(5) of the Act is after 1st April of any year, the first premium year shall be the period beginning on the effective date and ending on 31st March of the following year.

### **Definition of SIBOR**

**4.** For the purposes of the definition of “SIBOR” in section 8(14) of the Act, the Authority hereby prescribes “SIBOR” to be the 3-month Singapore Dollar Singapore Interbank Offer Rate as determined by the Association of Banks in Singapore.

### **Asset maintenance requirement for foreign banks**

**5.**—(1) Every Scheme member which is a foreign bank shall maintain in relation to its insured deposit base, assets in Singapore for meeting its liabilities in respect of insured deposits placed with it, in the manner specified in paragraph (2).

(2) For the purposes of paragraph (1), the foreign bank shall at all times maintain an asset maintenance ratio of not less than 1 as determined in accordance with regulation 6.

### **Computation of asset maintenance ratio**

**6.**—(1) For the purposes of regulation 5(2) and subject to paragraphs (2) and (3), the asset maintenance ratio shall be calculated in accordance with the following formula:

$$\text{Asset maintenance ratio} = \frac{\Sigma [A \times B]}{C}$$

|       |   |   |
|-------|---|---|
| where | A | is the value of any eligible asset or eligible pledged asset which is —   |
|       |   | (a) reflected as an asset in the financial statements of the foreign bank in relation to its operations in Singapore;   |
|       |   | (b) free from any prior encumbrances;   |
|       |   | (c) not exposed to the risk of a counterparty related to the Scheme member being unable to meet its obligations, suspending payment or becoming insolvent; and  |
|       |   | (d) not used to meet any requirements in relation to minimum liquid assets or minimum cash balances;  |
|       | B | is the percentage applicable to a particular eligible asset or an eligible pledged asset specified in the second column of the First or Second Schedule, as the case may be; and  |
|       | C | is the insured deposit base of the Scheme member —  |
|       |   | (a) as at 31st December of the preceding year; or   |
|       |   | (b) in the case where the foreign bank becomes a Scheme member during the course of a premium year or an exemption from the requirement to be a Scheme member granted to the foreign bank is withdrawn during the course of a premium year, as at the date on which the foreign bank becomes a Scheme member. |

(2) For the purposes of paragraph (1), an eligible asset or eligible pledged asset shall be valued in the following manner:

- (a) an eligible asset shall be valued at its carrying value;
- (b) an eligible pledged asset shall be valued at its market value.

(3) For the purposes of paragraph (1), an eligible pledged asset shall comprise any of the following types of assets, in respect of which the Scheme member has granted, on such terms and conditions as may be agreed with the Agency, a security interest, other than a contingent security interest, in favour of the Fund:

- (a) any Singapore dollar note or coin kept in Singapore;
- (b) any Singapore Government Securities or debt securities issued by a statutory body in Singapore and guaranteed by the Government;
- (c) any deposit placed with the Authority, after deducting any moneys due to the Authority;
- (d) any debt securities issued by a statutory body in Singapore which are not guaranteed by the Government;
- (e) any debt securities (other than those of a banking corporation or a