



THE STATUTES OF THE REPUBLIC OF SINGAPORE

DEVELOPMENT LOAN (1987) ACT

(CHAPTER 81A)

(Original Enactment: Act 9 of 1987)

REVISED EDITION 1988

(30th April 1988)

Prepared and Published by

THE LAW REVISION COMMISSION
UNDER THE AUTHORITY OF
THE REVISED EDITION OF THE LAWS ACT (CHAPTER 275)

PRINTED BY THE GOVERNMENT PRINTER, SINGAPORE

1988

Development Loan (1987) Act

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An Act to authorise a sum of \$35,000 million to be raised by way of loan for the purposes of the Development Fund.¹

[10th April 1987]

PART I

PRELIMINARY

Short title

1. This Act may be cited as the Development Loan (1987) Act.

¹ *Note:* See also the Development Loan Act (Cap. 81).

Interpretation

2. In this Act, unless the context otherwise requires —

“advance deposits” means such deposits as are received under section 21;

“Authority” means the Monetary Authority of Singapore established under section 3 of the Monetary Authority of Singapore Act [Cap. 186];

“bearer bond” means a bearer bond issued under this Act;

“book-entry Government security” means any stock or bond issued in Singapore under Part IV in the form of an entry on the records of the Authority;

“local stock” means any stock or book-entry Government security issued in Singapore under this Act or any stock issued under any of the written laws set out in the Schedule;

“regulations” means regulations made under this Act and, in relation to any particular issue of stock, bearer bonds or book-entry Government securities, includes any notification in the *Gazette* varying such regulations in relation to that issue;

“trustee stock” means any of the securities mentioned in any written law for the time being in force relating to trustees.

PART II

AUTHORISATION AND APPLICATION OF LOAN

Power to raise loan

3.—(1) The Minister may from time to time raise, in the manner hereinafter provided, a sum of money not exceeding in the whole the sum of \$35,000 million to be applied in the manner provided in this Act.

(2) The loan hereby authorised or any part of it may be raised in Singapore by the issue of stock, bearer bonds or book-entry Government securities under the provisions of Parts III and IV.

Principal and interest charged on Consolidated Fund

4. The principal moneys and interest represented by stock, bearer bonds or book-entry Government securities issued under this Act are hereby charged upon and shall be payable out of the Consolidated Fund.

Application of loan

5. The moneys received under this Act, less the sums required to defray the expenses of issues of stock, bearer bonds or book-entry Government securities and the sums arising from the acceptance of advance deposits under this Act, shall be paid into the Development Fund constituted under the Development Fund Act [Cap. 80], and shall be applied to the purposes of that Fund.

PART III**PROVISIONS APPLICABLE TO ISSUE AND REGISTRATION
OF STOCK AND BEARER BONDS****Issue and form of stock**

6.—(1) Stock issued under this Act shall be issued by the Authority upon such terms as may be prescribed in the regulations and shall be authenticated either by the signature of the Minister or by facsimile of his signature or in such manner as may be approved by the Minister.

(2) Stock issued under this Act shall be in such form as the Minister may from time to time approve.

Register of stock

7.—(1) All stock issued under this Act shall be entered in a register to be kept by the Authority.

(2) All stock issued under this Act and the right to receive the principal moneys and interest represented by it shall be transferable by an instrument of transfer registered by the Authority.

(3) No stock issued under this Act shall be registered except in the name of an individual person or persons or of a corporation.

Bearer bonds

8.—(1) Bearer bonds issued under this Act shall be issued by the Authority upon such terms as may be prescribed in the regulations and shall be authenticated either by the signature of the Minister or by facsimile of his signature or in such manner as may be approved by the Minister.

(2) Every bearer bond shall, when issued, bind the Government to pay the bearer the principal sum mentioned in that bond and interest thereon in accordance with the terms and conditions of the issue.

(3) Bearer bonds shall be transferable by delivery without endorsement.

PART IV

BOOK-ENTRY GOVERNMENT SECURITIES

Interpretation and application

9. In this Part and in the remaining Parts of this Act, unless the context otherwise requires —

“depository institution” means a financial institution approved by the Authority which regularly accepts in the course of its business book-entry Government securities by way of a custodial service for its customers and maintains accounts in the names of its customers reflecting ownership or interest in such book-entry Government securities;

“depositor” means any person in whose name an account is established and maintained on the records of the Authority;

“pledge” includes a pledge of, or any security interest in, book-entry Government securities as collateral for loans or advances, or to secure deposits of public moneys or the performance of an obligation;

“security interest” means an interest, not being an interest arising from a trust, in property which secures the payment of a debt or performance of an obligation.

Issue of book-entry Government securities

10.—(1) The Authority may —

- (a) issue book-entry Government securities upon such terms as may be prescribed in the regulations by means of entries on its records which include the name of the depositor and the amount and description of the securities;
- (b) maintain accounts of book-entry Government securities —
 - (i) for any depositor on such terms and conditions as may be specified by the Authority for such securities the depositor holds for its own account and, where the depositor is a depository institution, for the account of its customers;
 - (ii) for the Government; and
 - (iii) for the Authority; and
- (c) otherwise service and maintain book-entry Government securities.

(2) The Authority is authorised to take all action necessary in respect of book-entry Government securities to enable the Authority in its own capacity to perform its obligations as depository with respect to such securities.

Transfers and pledges effected by Authority under book-entry clearing system

11.—(1) A transfer or a pledge of book-entry Government securities to the Authority or to the Government or to any transferee or pledgee eligible to maintain an appropriate account in its name with the Authority shall be effected, notwithstanding any written law to the contrary, by the Authority making an appropriate entry in its records of the securities transferred or pledged.

(2) The making of an entry in the records of the Authority under subsection (1) shall —

- (a) have the effect of delivery of the book-entry Government security as if the security had been issued in the form of an engraved or printed certificate;

- (b) have the effect of a taking of delivery by the transferee or pledgee;
- (c) constitute the transferee or pledgee a holder; and
- (d) if a pledge, have the effect of vesting a security interest in favour of the pledgee.

(3) A transfer or a pledge of a book-entry Government security effected in accordance with this section shall have priority over any transfer or pledge involving, or any interest in, the security effected or created in any other manner before, on or after the date of the transfer or pledge in accordance with this section.

Transfers and pledges effected by other means

12.—(1) Notwithstanding section 11, a transfer or a pledge of book-entry Government securities, or any interest therein, which is maintained by the Authority in an account may be effected by any means that would be effective to effect a transfer or pledge of book-entry Government securities, or any interest therein, if the securities were issued by the Authority in the form of engraved or printed certificates.

(2) The Authority shall be deemed not to be —

- (a) a bailee for purposes of notification of pledges of book-entry Government securities not effected in accordance with section 11; and
- (b) a person in possession of book-entry Government securities for purposes of acknowledgment of transfers of such securities not effected in accordance with section 11.

(3) Where book-entry Government securities are recorded on the books of a depositary institution for account of the pledgor or transferor thereof and such securities are on deposit with the Authority in an account, such depositary institution shall, for the purposes of effecting delivery of such securities to a purchaser or pledgee, be deemed to be the bailee to which notification of the pledge of the securities may be given or to be the person in possession from which acknowledgment of the holding of the securities may be obtained.

(4) The Authority shall not accept any notice or advice of a transfer or pledge of any book-entry Government security not effected in accordance with section 11 and any such notice or advice shall be void.

(5) The Authority may continue to deal with its depositor in accordance with this Part notwithstanding any transfer or pledge not effected in accordance with section 11.

Authority to be discharged by action on instructions

13.—(1) The Authority shall not be liable for conversion or for participation in any breach of fiduciary duty where the Authority has, in respect of book-entry Government securities maintained in accounts maintained by the Authority, effected pledges or made entries regarding the securities, or transferred or delivered the securities, according to the instructions of its depositor notwithstanding that the depositor had no right to dispose of or take any other action in respect of the securities.

(2) The Authority shall be fully discharged of its obligations under this Part by the transfer or delivery of book-entry Government securities upon the instructions of its depositor.

Confirmation of transaction

14. The Authority shall issue to each depositor following any transaction affecting book-entry Government securities maintained for such depositor under this Part a confirmation thereof in the form of an advice (serially numbered or otherwise) which shall specify the amount and description of the securities and any other pertinent transaction data.

PART V

PROVISIONS RELATING TO REDEMPTION OF STOCK AND
BEARER BONDS AND BOOK-ENTRY GOVERNMENT
SECURITIES AND CREATION OF SINKING FUND**Payment of interest**

15.—(1) The interest upon the principal moneys represented by stock, bearer bonds or book-entry Government securities issued under this Act shall be paid half-yearly at the office of the Authority as shall be specified in the regulations relating to the issue of the stock, bearer bonds or book-entry Government securities.

(2) The Minister shall, in each half-yearly period ending with the day on which interest on stock, bearer bonds or book-entry Government securities issued under this Act falls due, appropriate out of the Consolidated Fund a sum equal to the appropriate half-year's interest on the whole of the stock, bearer bonds or book-entry Government securities so issued in order that the interest for that half-year may be paid therefrom.

**Redemption of stock, bearer bonds and book-entry
Government securities**

16.—(1) Stock, bearer bonds or book-entry Government securities issued under this Act shall be redeemable at par on such dates as may be specified in the regulations relating to the issue of stock, bearer bonds or book-entry Government securities, after which dates all the interest on the principal moneys represented thereby shall cease and determine, whether payment of the principal moneys has been demanded or not.

(2) Redemption proceeds of book-entry Government securities shall be disposed of in accordance with the instructions from the depositor for whose account the securities shall have been maintained by the Authority.

Sinking fund

17.—(1) Commencing not later than two years after the date on which interest on stock, bearer bonds or book-entry Government securities issued under this Act commences to run, the Minister shall

in each half-year ending on the day on which interest on the stock, bearer bonds or book-entry Government securities falls due in addition to the sum appropriated in accordance with section 15(2), appropriate out of the Consolidated Fund for the formation of a sinking fund a sum equal to one-half of the annual contributions specified in the regulations relating to the issue of the stock, bearer bonds or book-entry Government securities.

(2) Notwithstanding subsection (1), the Minister may from time to time appropriate out of the Consolidated Fund money for the purpose of making additional contributions to the sinking fund established under subsection (1):

Provided that the total amount in the sinking fund with the additional contributions does not exceed the outstanding principal moneys represented by the stock, bearer bonds and book-entry Government securities.

(3) The Minister may at any time apply all or any part of the moneys in the sinking fund created under this section to the purchase of trustee stock or local stock or of any other stock, fund, security or investment mentioned in section 7(3) of the Financial Procedure Act [Cap. 109].

(4) The Accountant-General shall in each year pay into the sinking fund created under this section a sum equal to the annual interest that would have been payable on any local stock purchased under subsection (3) if such stock had not been purchased as aforesaid.

(5) If at any time the Minister is satisfied that the value of the sinking fund established under subsection (1) will be sufficient with further accumulations of interest and net income from investments of moneys in the sinking fund but without further payment of contributions under subsections (1) and (2) to enable the loan to be redeemed out of the proceeds of the sinking fund when it falls due to be redeemed, the Minister may suspend further payments of such contributions to the sinking fund, except that the Minister may at any time recommence payment of such contributions if he considers this to be necessary.

(6) For the purposes of subsection (5), the net income from investments shall be the amount ascertained by adding to, or deducting from, the income received from investments of moneys

in the sinking fund any profit derived or loss sustained, as the case may be, from the realisation of such investments.

Application of sinking fund

18. The sinking fund created under section 17 shall be applied in the first place in payment of all expenses of, or incidental to, the management of the sinking fund and the redemption of the stock, bearer bonds or book-entry Government securities issued under this Act, and then in repayment of principal moneys represented by the stock, bearer bonds or book-entry Government securities.

Procedure if sinking fund is insufficient

19. In case the sinking fund created under section 17 is insufficient for the repayment of all principal moneys represented by stock, bearer bonds or book-entry Government securities issued under this Act at the time when they become due, the Minister shall make good the deficiency out of the Consolidated Fund.

Delivery up of stock on repayment

20. Before the repayment of the principal moneys represented by any stock or bearer bonds issued under this Act, the stock or bearer bonds shall be delivered to the Authority for cancellation as shall be specified in the regulations relating to the issue of the stock or bearer bonds.

PART VI

ADVANCE DEPOSITS

Acceptance of advance deposits

21.—(1) In anticipation of the raising of a loan under this Act, the Minister may, if he thinks fit, authorise acceptance by the Authority of advance deposits on such terms as the Authority may determine.

(2) Advance deposits shall be applied to the purchase of stock, bearer bonds or book-entry Government securities issued under this Act after the date the deposits were effectively received by the Authority.

(3) Advance deposits shall carry interest at such rate as may be determined by the Authority which shall be calculated from the date the deposit was effectively received by the Authority.

(4) For the purposes of subsection (3), where cheques for the advance deposits cannot be cleared on the day of receipt, interest shall be calculated from the next working day.

(5) If a depositor wishes the whole or part of the advance deposits made by him to be repaid, he shall give not less than two working days' notice to the Authority of his intention and the deposits or that part of them, as the case may be, shall be repaid to him together with such interest as may be determined by the Authority.

(6) Interest on advance deposits shall be a charge on the Consolidated Fund and shall be paid half-yearly.

(7) The Minister shall, in each half-yearly period ending with the day on which interest on advance deposits received under this Act falls due, appropriate out of the Consolidated Fund a sum equal to the appropriate half-year's interest on the advance deposits in order that the interest for that half-year may be paid therefrom.

Power to make advance deposits

22. Any power to invest conferred on a person by any instrument or other written law shall, unless the contrary intention appears therein, be deemed to include power to make advance deposits in accordance with this Act.

Saving

23. All advance deposits accepted by the Authority before 10th April 1987 under the Development Loan Act [Cap. 81] in excess of the limit prescribed in section 3 of that Act shall be deemed to have been lawfully accepted under the provisions of this Act.

PART VII
GENERAL

Invitation to take up stock, etc., and refusal of application

24.—(1) The Authority may, from time to time, by public notice invite the public to apply to take up stock, bearer bonds or book-entry Government securities issued under this Act.

(2) The Authority may refuse any application to take up stock, bearer bonds or book-entry Government securities issued under this Act without assigning any reason.

Regulations

25.—(1) The Authority may, with the approval of the Minister, make regulations for prescribing anything which may be prescribed under this Act and generally for the purpose of carrying this Act into effect, and in particular may make regulations —

- (a) prescribing the terms of issue of stock, bearer bonds or book-entry Government securities issued under this Act;
- (b) prescribing the manner in which applications to take up stock, bearer bonds or book-entry Government securities issued under this Act shall be made; and
- (c) prescribing the manner in which such stock, bearer bonds or book-entry Government securities shall be issued.

(2) The Authority may, with the approval of the Minister, by notification in the *Gazette*, vary the regulations in relation to any particular issue of stock, bearer bonds or book-entry Government securities issued under this Act.

THE SCHEDULE

Section 2

- (a) The Development Loan (Local) Ordinance 1959 (No. 50 of 1959).
- (b) The Development Loan Ordinance 1961 (No. 7 of 1961).
- (c) The Development Loan Act (1970 Ed. Cap. 66).
- (d) The Development Loan Act 1972 (Act 6 of 1972).

THE SCHEDULE — *continued*

- (e) The Development Loan Act 1974 (Act 18 of 1974).
- (f) The Development Loan Act 1978 (Act 1 of 1978).
- (g) The Development Loan Act (Chapter 81).

LEGISLATIVE HISTORY
DEVELOPMENT LOAN (1987) ACT
(CHAPTER 81A)

This Legislative History is provided for the convenience of users of the Development Loan (1987) Act. It is not part of the Act.

1. Act 9 of 1987 — Development Loan Act 1987

Date of First Reading : 13 March 1987
(Bill No. 7/1987 published on
16 March 1987)

Date of Second and Third Readings : 26 March 1987

Date of commencement : 10 April 1987

2. 1988 Revised Edition — Development Loan (1987) Act

Date of operation : 30 April 1988