

**TERMS AND CONDITIONS GOVERNING
THE MAS INTRADAY LIQUIDITY FACILITY**

(With Effect From 20 August 2012)

1. Definitions and Interpretation

1.1 In these terms and conditions, unless the subject or context otherwise requires, the following words and expressions shall have the following meanings respectively ascribed to them:

“Agreement” means the letter-agreement which incorporates these terms and conditions;

“bank” shall have the meaning as ascribed thereto under the Banking Act (Cap. 19);

“business day” means any day from Monday to Friday except a public or bank holiday in Singapore;

“eligible collateral” means Singapore Government Securities and MAS Bills;

“intraday repo transaction” means a repurchase transaction between MAS and the Participant which involves:

- (a) the opening leg, where eligible collateral belonging to the Participant is sold to MAS at a purchase price that is equivalent to the value of the eligible collateral as determined in accordance with Clause 4.2; and
- (b) closing leg, where eligible collateral that is purchased by MAS in the opening leg is returned to the Participant upon the payment of the repurchase price, the value of which is computed in the manner set out in Clause 4.4;

“intraday repo transaction agreement” means an agreement involving an intraday repo transaction that is entered into pursuant to the International Securities and Markets Association Global Master Repurchase Agreement (“ISMA Master Agreement”) whereby the sale and repurchase of eligible collateral takes place within the same business day;

“liquidity reversal”, in relation to an intraday repo transaction between MAS and a Participant where the opening leg has been processed in MEPS+, means an instruction that is issued by MAS to the Service Provider to process the closing leg of that transaction;

“MAS” means Monetary Authority of Singapore, a body corporate established under the Monetary Authority of Singapore Act (Cap. 186);

“MAS Bills” means any debt securities issued by the Monetary Authority of Singapore under the Monetary Authority of Singapore Act (Cap. 186);

“MEPS+” means the New MAS Electronic Payment and Book-Entry System and has the same meaning as set out in the Payment and Settlement Systems (Finality and Netting) (Designated System) Order 2012;

“Notice of Amendment” shall have the meaning as ascribed thereto in Clause 8.1;

“Participant” means the bank or institution that:

- (a) is approved pursuant to section 29A of the Monetary Authority of Singapore Act (Cap. 186) to be a participant in MEPS+;
- (b) has signed the ISMA Master Agreement with MAS; and
- (c) is a party to this Agreement;

“RTGS Account” means the real-time gross settlement account which a Participant has in MEPS+;

“Service Provider” means the operator of MEPS+;

“SGS” or “Singapore Government Securities”, means Government securities as defined in and issued under the Government Securities Act (Cap 121A) and Treasury Bills as defined in and issued under the Local Treasury Bills Act (Cap 167) collectively;

- 1.2 In the event of inconsistency between these terms and conditions and the provisions of the ISMA Master Agreement, these terms and conditions shall prevail.

2 Intraday Liquidity Facility (“Facility”)

- 2.1 Subject to Clause 3, the Participant may utilise the Facility that is provided by MAS in MEPS+ to obtain funds from MAS on an intraday basis through intraday repo transactions, involving Singapore Government Securities and MAS Bills, provided that the Participant meets the following criteria:

- (a) the Participant should be of sound financial standing and be able to fulfill its financial obligations as and when they fall due, and should not default on any obligation under the Facility, including the obligation to pay liquidated damages;
- (b) the Participant’s access to MEPS+ must not be suspended or terminated by the Service Provider.

3 Availability of Facility

- 3.1 The Facility will be available only on the business days and during the operating hours of MEPS+. The availability of the Facility and the cutoff time for liquidity reversals are set out in the table below.

S/N	Activity	Monday – Friday
1	Opening of Facility	0900 hrs
2	Close of Facility	1700 hrs

3	Liquidity reversals	1730 hrs
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3.2 Notwithstanding Clause 3.1, the Facility shall be suspended automatically if and whenever the operation of MEPS+ is suspended or unavailable to MEPS+ participants for any reason whatsoever.

4 Valuation of Eligible Collateral and Charges for Intraday Repo Transactions

4.1 Any eligible collateral offered by the Participant to MAS under the Facility shall be based on the previous business day’s closing prices, subject to a haircut as published on <http://www.mas.gov.sg/Monetary-Policy-and-Economics/Central-Bank-Operations-and-Liquidity-Management/MAS-Intraday-Liquidity-Facility.aspx> (“Haircut”).

The closing price for SGS is as published on <http://www.sgs.gov.sg> and the closing price for MAS Bills is as published on <http://www.mas.gov.sg>.

4.2 The price that is paid by MAS for the purchase of the eligible collateral shall be determined in accordance with the value of the eligible collateral less the Haircut, as set out below:

$$\text{Purchase Price} = \text{Market value of eligible collateral offered under an intraday repo transaction determined in accordance with Clause 4.1} \times (1 - \text{Haircut})$$

4.3 The Participant may be required to pay a fee for each intraday repo transaction that is effected, at such rate as MAS may from time to time notify the Participant through a general announcement as set out at <http://www.mas.gov.sg/Monetary-Policy-and-Economics/Central-Bank-Operations-and-Liquidity-Management/MAS-Intraday-Liquidity-Facility.aspx>.

4.4 The repurchase price that is required to be paid by the Participant to MAS in the closing leg of the intraday repo transaction shall be determined as set out below:

$$\text{Repurchase Price} = \text{Amount of Intraday Funds paid by MAS to the Participant in the Opening Leg} + \text{Fee determined in accordance with Clause 4.3}$$

5 Failure to pay Repurchase Price under the Facility

5.1 Where the Participant has obtained funds from MAS on a business day under an intraday repo transaction and fails to pay the repurchase price to MAS by the cutoff time for liquidity reversal, MAS shall be entitled to instruct the Service Provider:

- (a) to process the closing leg of that transaction on the same business day; and
- (b) to cause the repurchase price to be returned to MAS:
 - (i) on the same business day, if there are sufficient funds in the Participant’s RTGS Account; or

- (ii) on the next earliest business day on which there are sufficient funds in the Participant's RTGS Account, if there are insufficient funds in the Participant's RTGS Account on the business day mentioned in Clause 5.1(a);
 - (c) to cause the eligible collateral purchased by MAS in the opening leg to be returned to the Participant only after the repurchase price and liquidated damages (if any) have been duly returned to MAS.
- 5.2 For the purpose of securing the payment of the repurchase price and liquidated damages (if any) under Clause 5.1, MAS shall be entitled to retain or instruct the Service Provider to retain, any coupon that may be paid subsequently under the eligible collateral that is purchased and held by MAS as set out in Clause 5.1(c).
- 5.3 Notwithstanding Clause 5.1, MAS shall have the right to sell or dispose of the eligible collateral purchased by MAS in the opening leg of the intraday repo transaction at any time and in any manner as it deems fit, and to apply the proceeds from the sale or disposal of the eligible collateral to offset the outstanding amounts that may be due to MAS, including any liquidated damages that may have accrued. If the proceeds from the sale or disposal of the eligible collateral are:
 - (a) sufficient to cover the outstanding amounts, the amount of the proceeds that exceed the outstanding amounts would be returned to the Participant;
 - (b) insufficient to cover the outstanding amounts, the amount of the shortfall shall constitute a debt due from the Participant to MAS and be recoverable by MAS in any manner as it deems fit. For the avoidance of doubt, all fees, charges and expenses that may be incurred by MAS as a result of any action that is taken by MAS to recover the debt owed by the Participant shall be borne by the Participant.
- 5.4 For the purpose of this clause, the Participant shall pay to MAS as liquidated damages for any delay in paying the repurchase price, an amount as computed below or S\$50/-, whichever is higher:

Liquidated Damages = (1-Month ABS SIBOR Fixing + 3% per annum) x [(No. of Days the Repurchase Price remains unpaid)/365] x (Repurchase Price)

where the 1-Month ABS SIBOR Fixing refers to the latest available 1-Month ABS SIBOR fixing at the end of the business day on which the intraday repo transaction is entered into.
- 5.5 The Participant shall notify MAS in writing as soon as practicable of any event that may affect its ability to pay the repurchase price at the closing leg of any intraday repo transaction.
- 5.6 The Service Provider, its officers and employees and any person acting under the direction of the Service Provider, shall not be liable for any loss or damage howsoever caused to the Participant or its customer resulting from giving effect to any instruction that may be given by MAS to the Service Provider under this Clause.

6. Termination of Agreement without default by notice in writing

- 6.1 The Participant may terminate this Agreement with MAS by giving MAS at least one month's notice in writing (except as otherwise provided in Clause 8.2) and this Agreement shall be terminated on the date stated in such notice of termination.
- 6.2 MAS may terminate this Agreement by giving the Participant at least two months' notice in writing, or immediately in accordance with Clause 7 of this Agreement.
- 6.3 The termination of this Agreement (whether by the Participant or MAS) shall not affect the liability of any party to pay any sum that may be due from that party to the other party under any intraday repo transaction.

7. Immediate Suspension of Facility or Termination of Agreement

MAS reserves the right to immediately suspend Facility temporarily or indefinitely, or immediately terminate this Agreement:

- (a) if the Participant fails to meet or fails to continue to meet, any of the criteria set out in Clause 2;
- (b) if the Participant is being or has been wound up or has a receiver or receiver and manager appointed;
- (c) if the Participant fails to comply with, observe or perform any of the clauses of this Agreement, whether or not any other action is taken by MAS under this Agreement, and whether or not such failure has been determined in any such other action;
- (d) on the grounds of:
 - (i) national interest;
 - (ii) public interest;
 - (iii) public security; or
 - (iv) public safety.

8. Amendment of this Agreement

- 8.1 MAS reserves the right, from time to time and at any time, to amend the clauses of this Agreement by deleting, substituting or adding to any of the clauses of this Agreement, and where any amendment is made, MAS shall give the Participant notice in writing of the amendment (“**Notice of Amendment**”) at least 30 days before the day the amendment becomes effective and binding.
- 8.2 Where the Participant does not wish to continue utilising the Facility after a Notice of Amendment has been given, it shall notify MAS in writing of its intention to terminate this Agreement within 14 days from the date of the Notice of Amendment, and this Agreement shall be terminated on the day the amendment becomes effective and binding or at the end of the period stipulated in the notice of termination issued by

the Participant in accordance with Clause 7.1, whichever is earlier. Where no such notice is given by the Participant within the 14-day period, the Participant shall be deemed to have accepted the provisions in this Agreement as amended on the date they become effective, and shall be bound by them as of the date of the amendments becoming effective as if the Participant had originally agreed to this Agreement on those terms.

- 8.3 Notwithstanding Clauses 8.1 and 8.2, MAS may cause any amendment to this Agreement to become effective and binding upon the Participant at any time if MAS determines, at its discretion, that exigent circumstances exist which require that such amendment become effective for the protection of MAS, national or public interest, public security or safety or for the Participant to comply with legal or regulatory requirements, provided always that this Clause 8.3 shall not apply to any amendment which would have the effect of rendering transactions settled under MEPS+ no longer final and irrevocable.
- 8.4 Notwithstanding any amendment referred to in this Agreement, the clauses of this Agreement applicable prior to the amendment shall apply and continue to apply to anything done by the Participant or MAS, or any event which has happened, as the case may be, before the amendment becomes effective, and for that purpose, any such amendment shall not have the effect of terminating this Agreement as it existed prior to the amendment.

9. Compliance with Law, Regulations and other Requirements

The Participant shall comply fully with all written laws, regulations, directions and other regulatory requirements of MAS insofar as they relate to anything that may be done by the Participant under this Agreement.

10. Liabilities of MAS

MAS, its officers and employees, and any person acting under the direction of MAS, shall not be liable for any loss or damage howsoever caused to the Participant or its customer resulting from the provision of the Facility unless MAS or the relevant officer, employee or person acting under the direction of MAS has been found guilty of a reckless act or omission, or of intentional misconduct (including fraudulent acts), in a final decision made by a court in Singapore. For the avoidance of doubt, MAS, its officers and employees, and any person acting under the direction of MAS, shall not be liable (whether in contract, tort or otherwise) for:

- (a) any loss or damage suffered by the Participant due to technical fault or failure, or due to circumstances outside the control of MAS, such as acts of God, war, acts of terrorism, riot, sabotage, natural disaster, industrial action or criminal activity;
- (b) any collateral, indirect, consequential or special loss or damages suffered by the Participant; or
- (c) any losses, actions, claims, costs and charges, expenses and liabilities incurred or suffered by the Participant as a result of any action taken or omitted in good faith by MAS, its officers and employees, and any person acting under the direction of MAS.

11. Indemnification of MAS

Notwithstanding the termination of this Agreement, the Participant shall fully indemnify and keep fully indemnified MAS on demand by MAS against any and all losses, actions, claims, damages, costs and charges, including legal costs and charges, expenses and liabilities incurred or suffered by MAS as a result of any negligent or reckless act or omission or intentional misconduct (including fraudulent acts) of the Participant, its employees, affiliates or agents in connection with its performance or its breach or non-performance of this Agreement.

12. Notices and Communications

12.1 All notices and other communications in connection with this Agreement shall be given in writing, and delivered by hand, facsimile, domestic or international mail, e-mail, MTx99 or such other means as MAS may determine from time to time, to such address as each party may notify the other in writing.

12.2 All such notices or communications may be delivered by any of the means specified below and shall be deemed to have been duly delivered:

- (a) if sent by hand, when received;
- (b) if sent by facsimile, when duly transmitted to the facsimile number of the addressee for the time being applicable;
- (c) if sent by international mail, 10 business days after the date of posting;
- (d) if sent by domestic mail to a Singapore address, 2 business days after the date of posting;
- (e) if sent by e-mail, 2 business days after the date of transmission to the e-mail address for the time being applicable; or
- (f) if sent by MT x99, when the MTx99 message has been acknowledged and received by SWIFT for transmission to the intended party.

PROVIDED ALWAYS that any notice or communication under Clause 6 or 7 shall not be regarded as having been duly delivered unless sent by hand or by mail.

13. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Singapore. All proceedings relating to any dispute arising from or in connection with this Agreement shall be commenced in the courts of Singapore and the parties irrevocably submit to the exclusive jurisdiction of the courts of Singapore.

14. Rights of Third Parties

With the exception of the Service Provider, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act (Cap. 53B) of Singapore to enforce any of the terms of this Agreement.