

No. S 111

**DEPOSIT PROTECTION ORDER, 2010**

**DEPOSIT PROTECTION REGULATIONS, 2010**

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In exercise of the power conferred by sections 34, 37, 42, 43 and 86 of the Deposit Protection Order, 2010, the Minister, with the approval of His Majesty the Sultan and Yang Di-Pertuan, hereby makes the following Regulations —

**Citation and commencement.**

1. These Regulations may be cited as the Deposit Protection Regulations, 2010 and shall commence on the same date as the Deposit Protection Order, 2010.

**Interpretation.**

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

"Brunei Darussalam Government Securities" means any debt securities issued by the Government under any written law;

"classified", in relation to a financing facility, means any financing facility which has been categorised by a member institution as "substandard", "doubtful" or "loss" pursuant to any notice in writing issued by the Authority under any written law;

"counterparty related to the member institution" includes any holding company, subsidiary or associated company of the member institution, any subsidiary or associated company of any holding company of the member institution;

"debt security" includes any debenture, bond or note;

"eligible asset" means any of the assets listed in the Schedule which may be included by a member institution for the purposes of computing the asset maintenance ratio under regulation 4;

"financing facility" means —

(a) the granting by a member institution of financing and other facilities whereby a customer of the member institution has access to funds or financial guarantees; or

(b) the incurring by a member institution of other liabilities on behalf of a customer;

"housing financing facility" means a financing facility granted to an individual for the purchase of residential property where the financing facility is secured by that property;

"licensed bank" means a bank licensed under section 4 or 23 of the Banking Order, 2006 (S 45/2006) or an Islamic bank under section 4 or section 23 of the Islamic Banking Order, 2008 (S 96/2008);

"minimum cash balances" means the minimum cash balances maintained on deposit with the Authority by a member institution as reserves against its deposit and other liabilities under section 45 of the Banking Order, 2006 (S 45/2006) or section 46 of the Islamic Banking Order, 2008 (S 96/2008) or section 13A of the Financial Companies Act (Chapter 89);

"minimum liquid assets" means the minimum amount or amounts of liquid assets held by a member institution under section 44 of the Banking Order, 2006 (S 45/2006) or section 45 of the Islamic Banking Order, 2008 (S 96/2008) or the minimum amount or amounts of liquid assets held by a member institution under section 25 of the Finance Companies Act (Chapter 89).

**Asset maintenance requirement for licensed banks.**

3. (1) Every member institution which is a licensed bank shall maintain in relation to its total protected deposits, assets in Brunei Darussalam for meeting its liabilities in respect of total protected deposits placed with it, in the manner specified in sub-regulation (2).

(2) For the purposes of sub-regulation (1), the licensed bank shall at all times maintain an asset maintenance ratio of not less than 3 as determined in accordance with regulation 4.

(3) The licensed bank is required to comply with the asset maintenance ratio within one year of becoming a member institution and shall thereafter continue to maintain the asset maintenance ratio required by sub-regulation (2).

**Computation of asset maintenance ratio.**

4. (1) For the purposes of regulation 3(2) and subject to sub-regulation (2), 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 which —

(a) is reflected as an asset in the books of the member institution in relation to its operations in Brunei Darussalam;

*(b)* is free from any prior encumbrances;

*(c)* does not arise or result from any contractual or other arrangements with, or investments in, a counterparty related to the member institution; and

*(d)* is 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 specified in the second column of the Schedule; and

C is the total protected deposit of the member institution —

*(a)* as at 31st. December of the preceding year; or

*(b)* in the case where the licensed bank becomes a member institution during the course of an assessment year or an exemption from the requirement to be a member institution granted to the licensed bank is withdrawn during the course of an assessment year, as at the date on which the licensed bank becomes a member institution.

(2) For the purposes of sub-regulation (1), an eligible asset shall be valued at its carrying value.

#### **Rate for annual premium.**

5. The rate for the annual premium payable by a member institution for each assessment year shall be 0.1 *per cent* of the total protected deposits and shall not be less than the first premium.

#### **Collection of additional premiums.**

6. When the Authority has notified the Corporation of the additional premium, payable by a member institution for that assessment year or part thereof under section 42 of the Order, the Corporation shall give the member institution notice in writing of the additional premium payable at least one month before the payment due date specified in the notice.

#### **Late payment fees.**

7. (1) As provided under section 43 of the Order, if a member institution fails to pay the premium or additional premium or any part thereof by the date specified under these Regulations, the Corporation may impose late payment fees by notice in writing pursuant to that section.

(2) Any late payment fee imposed by the Corporation shall be charged by a sum equal to 10 *per cent* per annum of the premium or additional premium so

unpaid and that sum shall be recoverable as if it was premium or additional premium due and payable under the Order.

**Payment due date.**

8. Any payment that is due on a Friday, Sunday or a public holiday shall be made by the next business day.

**Method of payment.**

9. (1) Subject to sub-regulation (2), a member institution shall pay the premium, additional premium or any late payment fee through a direct debit of the member institution's current account with the Authority. In this regard, the member institution shall do all things necessary to authorise the Authority to debit its accounts on behalf of the Corporation. The Authority shall credit any premium collected into the Corporation's account maintained with the Authority for the Deposit Protection Scheme ("DP Scheme").

(2) A member institution which does not maintain a current account with the Authority may make alternative arrangements with the Corporation to pay the premium, additional premium or late payment fee.

## SCHEDULE

*(regulations 2 and 4)*

## ELIGIBLE ASSETS

	<i>First column Type of Asset</i>	<i>Second column Percentage</i>
1.	Any Brunei dollar note or coin kept in Brunei Darussalam.	95%
2.	Any Brunei Darussalam Government Securities.	95%
3.	Any deposit placed with the Authority, as the case may be, after deducting any moneys due to the Authority, as the case may be.	95%
4.	Any outstanding amount due to a member institution under a housing financing facility granted to a resident of Brunei Darussalam which is denominated in Brunei dollars and not classified.	90%
5.	Any outstanding amount due to a member institution under a financing facility, other than a housing financing facility, granted to a resident of Brunei Darussalam (other than a licensed bank) which is denominated in Brunei dollars and not classified.	85%
6.	Any immovable property in Brunei Darussalam.	60%

Made this 22nd. day of Muharam, 1432 Hijriah corresponding to the 28th. day of December, 2010.

AWANG HAJI MOHD. ROSELAN BIN HAJI MOHD. DAUD  
 Permanent Secretary,  
 Ministry of Finance,  
 Brunei Darussalam.