

DEPOSIT PROTECTION ACT
(CHAPTER 269)

DEPOSIT PROTECTION REGULATIONS

S 111/2010

Amended by

S 20/2011

S 68/2012

S 30/2018

S 20/2021

REVISED EDITION 2023

SUBSIDIARY LEGISLATION

DEPOSIT PROTECTION REGULATIONS

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SUBSIDIARY LEGISLATION

Regulations made under sections 34, 37, 42, 43 and 86

DEPOSIT PROTECTION REGULATIONS

Commencement: 1st January 2011
[S 110/2010]

Citation

1. These Regulations may be cited as the Deposit Protection Regulations.

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;

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

[S 68/2012]

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“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 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 45 of the Islamic Banking Order, 2008 (S 96/2008) or section 13A of the Finance Companies Act (Chapter 89);

[S 20/2011]

“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 44 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) —

(a) a licensed bank which is incorporated in Brunei Darussalam shall at all times maintain an asset maintenance ratio of not less than 1.5; and

[S 30/2018]

(b) a licensed bank which comprises a branch of a foreign bank located within Brunei Darussalam shall at all times maintain an asset maintenance ratio of not less than 1.5.

[S 68/2012; S 30/2018; S 20/2021]

(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 these Regulations, the asset maintenance ratio shall be calculated in accordance with the following formula —

[S 68/2012]

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

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 column 2 of Schedule 1; 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.

Determination of premium rates [S 68/2012]

5. (1) For the purposes of determining the premium rates applicable to member institutions for any premium year, all member institutions shall be classified into the categories specified in column 1 of Schedule 2.

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(2) The premium rate applicable to each category of the member institutions is specified in column 2 of Schedule 2.

(3) For the purposes of determining the category in which a branch of a foreign bank shall be classified, the Corporation shall compute the asset maintenance ratio of such branch in accordance with the formula set out in regulation 4.

(4) A member institution which is incorporated in Brunei Darussalam shall be classified in the same category as a branch of a foreign bank with an asset maintenance ratio of more than 2.5 but less than 4.

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, 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, 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 Act.

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.

[Subsidiary]

SCHEDULE 1

[S 68/2012]

(regulations 2 and 4)

ELIGIBLE ASSETS

<i>Column 1</i>	<i>Column 2</i>
<i>Type of Asset</i>	<i>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%.

SCHEDULE 2

[S 68/2012]

(regulation 5)

CATEGORY OF MEMBER INSTITUTIONS AND PREMIUM RATES

<i>Column 1</i>	<i>Column 2</i>
<i>Category of member institutions</i>	<i>Premium rates</i>
1. A foreign bank with an asset maintenance ratio of less than 2.5	0.2%
2. (a) Member institution which is incorporated in Brunei Darussalam	0.1%
(b) A foreign bank with an asset maintenance ratio of between 2.5 and 4	
3. A foreign bank with an asset maintenance ratio of more than 4	0.075%.