



**Response of The Law Society of Singapore's  
Information Technology Committee,  
Conveyancing Practice Committee, and  
Personal Injury and Property Damage  
Committee to the Monetary Authority of  
Singapore's Public Consultation Paper on  
Roadmap to Terminate the SGD Cheque  
Truncation System – Eliminating Corporate  
Cheques by 2025**

**12 December 2022**

**The Law Society of Singapore**  
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## RESPONSE TO CONSULTATION PAPER

Please note that all submissions received will be published and attributed to the respective respondents unless they expressly request MAS not to do so. As such, if respondents would like:

- (i) their whole submission or part of it (but not their identity), or
- (ii) their identity along with their whole submission,

to be kept confidential, please expressly state so in the submission to MAS. MAS will only publish non-anonymous submissions. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libellous or offensive.

<b>Consultation topic:</b>	Roadmap to Terminate the SGD Cheque Truncation System – Eliminating Corporate Cheques by 2025
<b>Name<sup>1</sup>/Organisation:</b> <small><sup>1</sup>if responding in a personal capacity</small>	Law Society of Singapore
<b>Contact number for any clarifications:</b>	██████████
<b>Email address for any clarifications:</b>	██
<b>Confidentiality</b>	
I wish to keep the following confidential:	Please attribute the responses in Question 6 below to The Law Society of Singapore.  <i>(Please indicate any parts of your submission you would like to be kept confidential, or if you would like your identity along with your whole submission to be kept confidential. Your contact information will not be published.)</i>

**Question 1.** MAS seeks comments on whether there is any remaining rule, regulation or industry practice that prevents the use of e-payments for payments to and from corporates.

**Question 2.** MAS seeks comments on whether there is any existing practice or requirement that prevents the use of non-cheque payment methods for payments to and from government agencies. MAS also seeks comments on whether there is any new payment solution that is required to facilitate payments to and from government agencies.

**Question 3.** MAS seeks feedback from corporates and individuals on whether there may be any difficulty faced in switching from cheques to e-payments or other non-cheque payment methods for payments to and from government agencies.

**Question 4.** MAS seeks comments on whether there are specific forms of cheque usage (including bearer cheques) that cannot be addressed by the suggested alternative payment methods.

**Question 5.** MAS seeks comments on whether the proposed EDP solution can eliminate the need for post-dated cheques used as a form of promissory notes; and if not, whether there are other features that the proposed EDP solution will require to eliminate the need for post-dated cheques. MAS also seeks comments on specific features of the EDP solution, as feedback from the public would be useful to guide the financial industry on the final design of the EDP:

- (i) the ability for either the payer or payee to cancel an EDP;
- (ii) the provision of notifications to the payer and payee when an EDP is made; and
- (iii) the potential ability for a payer's bank to automatically initiate payment to a payee's bank, and that payee's bank to automatically credit the funds to a payee's bank account.



**Question 6.** MAS seeks comments on whether it is necessary to amend legislation to provide to the payee of an unsuccessful Payment EDP a right of recourse against the payer, where the failure of the Payment EDP is due to insufficient funds in the payer’s account. In particular, MAS seeks comments from the legal community on whether there are means other than legislative amendments to enable the proposed Payment EDP to be used in place of post-dated cheques.

<b>Participants</b>	<b>Response</b>
Information Technology Committee	The Information Technology Committee is in favour of amending the Bills of Exchange Act 1949 to incorporate the Payment EDP solution. This would greatly address the obligations and liabilities of the parties. The Committee expects there would be practical changes to practitioners and procedures in the legal community to adopt the Payment EDP solution in lieu of post-dated cheques.
Conveyancing Practice Committee	<p>If, for whatever reason, payments are dishonoured, the right of recourse is under the Bills of Exchange Act as a civil liability, or a contractual right accruing in the sale agreement. The usual sale agreement would typically either provide an express provision on the consequence of a dishonoured payment or, if subject to Law Society Conditions of Sale 2020, it will be covered by Condition 4 of the Conditions of Sale.</p> <p>As long as the Bill of Exchange Act or the Payment Services Act is amended to recognise that a Payment EDP or digital cheque is equivalent to that of a Bill as defined under the Act, there is no necessity to amend legislation to provide to the payee of an unsuccessful Payment EDP a right of recourse against the payer, where the failure of the Payment EDP is due to insufficient funds in the payer’s account.</p>

<p>Personal Injury and Property Damage ('PIPD') Committee</p>	<p>The effect of eliminating corporate cheques by 2025 on the PIPD community would be minimal, and the PIPD Committee does not have any legislative amendments to propose.</p> <p>A practical issue, however, would be cases of impecunious plaintiffs who do not possess a bank account and who do not have the funds on hand necessary to open one. In such cases, perhaps MAS can look into a system where defendants, who are typically insurers, could make an electronic transfer of judgment sums into a temporary holding account only accessible to the plaintiff. Once the judgment sum has been withdrawn, the temporary holding account would close automatically. In cases where the plaintiff is impecunious, a foreigner, or both, the typical fee payable in opening a bank account and the penalty imposed for closing said account only after such a short period of time should be waived.</p>
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**Question 7.** MAS seeks comments on whether the proposed initiatives are sufficient to eliminate corporate cheques by 2025, and assist and encourage remaining users of centrally cleared cheques (including individuals) to alternative payment methods to do so; if not, whether there are other essential initiatives that should be pursued.

**Question 8.** MAS seeks comments on whether there are specific forms of USD-denominated cheque usage that cannot be addressed by alternative payment methods such as telegraphic transfers.

**Question 9.** MAS seeks comments on whether users of centrally cleared cheques would still use USD-denominated cheques if the charges for the use of USD-denominated cheques were to increase significantly and become higher than that of alternative payment methods such as telegraphic transfers. MAS also seeks comments on how users will adapt if USD cheque clearing services in Singapore were terminated.

