

**THE OFFICIAL ASSIGNEE  
PRACTICE CIRCULAR NO. 3 OF 2016**

**APPOINTMENT OF PRIVATE TRUSTEES BY INSTITUTIONAL CREDITORS IN  
BANKRUPTCY APPLICATIONS**

**1     INTRODUCTION**

This Practice Circular seeks to notify all financial institutions and companies that amendments have been made to the Bankruptcy Act (Cap. 20) to mandate that an institutional creditor (or a subsidiary thereof) who applies to bankrupt a debtor must nominate a Private Trustee to be appointed to administer the bankruptcy. These amendments in relation to the appointment of Private Trustees apply to any bankruptcy application that is filed on or after 1 August 2016.

**2     DEFINITION OF “INSTITUTIONAL CREDITOR”**

An “institutional creditor” is defined in the Bankruptcy (Amendment) Act 2015 as (i) a bank licensed under the Banking Act (Cap. 19); (ii) a finance company licensed under the Finance Companies Act (Cap. 108); or (iii) a business undertaking with annual sales turnover of more than S\$100 million in the business year immediately preceding the date of the application for the bankruptcy order, and has more than 200 employees at the date of the bankruptcy application.

Definitions of other terms such as “employee”, “sales turnover”, “subsidiary”, “undertaking” and the “relevant period” for reckoning the annual sales turnover of the entity, can be found in section 6 of the Bankruptcy (Amendment) Act 2015 / section 33(3) of the amended Bankruptcy Act (Cap. 20).

**3     APPOINTMENT OF PRIVATE TRUSTEES BY INSTITUTIONAL CREDITORS**

With the amendments, institutional creditors will be required to nominate Private Trustees to be appointed to administer the bankruptcies which they are applicants to.

The vast majority of bankruptcies in Singapore are currently administered by the Official Assignee (“OA”). This change will allow the OA to focus its resources on administering cases where the applicant is either an individual or a small business.

#### **4 QUALIFICATIONS FOR APPOINTMENT AS PRIVATE TRUSTEES**

An individual may be appointed as a trustee in bankruptcy if he is (i) registered as a public accountant under the Accountants Act (Cap. 2); or (ii) an advocate and solicitor.

In addition, the individual must (i) not been convicted of an offence involving fraud or dishonesty punishable on conviction for 3 months or more; and (ii) had consented in writing to being appointed as a trustee.

#### **5 EFFECTIVE DATE**

This Practice Circular will come into effect on 1 August 2016.

#### **6 CONTACT PERSON**

For any queries on this Practice Circular, please contact Mr Francis Lew, Senior Assistant Director, Individual Insolvency and Debt Repayment Scheme Division at [oneminlaw@mlaw.gov.sg](mailto:oneminlaw@mlaw.gov.sg) .



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(This Practice Circular is also available on our website at [www.mlaw.gov.sg/io](http://www.mlaw.gov.sg/io) )