

DRAFT PROVISIONS FOR PUBLIC CONSULTATION

[Provisions required for minimum financial requirements]

Definitions

2. In these Regulations —

“general licence” means a licence other than a restricted licence;

“net worth” means —

- (a) for a person that is an individual or unincorporated association, the amount that the person has set aside as capital for the person’s activity as a travel agent after deducting any debit balance appearing in the profit and loss account of the person;
- (b) in relation to a person that is a partnership, the capital of the person, after deducting any debit balance appearing in the profit and loss account of the person; or
- (c) in relation to a person that is a company, limited liability partnership or other body corporate, the excess of the value of the assets owned by the person over the person’s liabilities;

“restricted licence” means a licence issued to a licensee that is subject to a condition restricting the type of travel products that the licensee may provide.

Minimum financial requirements for applicants

13.—(1) For the purposes of section 7(3)(b) of the Act, the minimum financial requirements for an applicant for a general licence are that —

- (a) where the applicant is an individual or unincorporated association, the amount that the applicant has set aside as capital for the applicant’s activity as a travel agent is not less than \$100,000 and the applicant’s net worth is not less than \$100,000;
- (b) where the applicant is a partnership, the applicant’s capital is not less than \$100,000 and the applicant’s net worth is not less than \$100,000; or
- (c) where the applicant is a company, limited liability partnership or other body corporate, the applicant’s issued and paid-up capital is not less than \$100,000 and the applicant’s net worth is not less than \$100,000.

(2) For the purposes of section 7(3)(b) of the Act, the minimum financial requirements for an applicant for a restricted licence are that —

- (a) where the applicant is an individual or unincorporated association, the amount that the applicant has set aside as capital for the applicant’s activity as a travel agent is not less than \$50,000 and the applicant’s net worth is not less than \$50,000;
- (b) where the applicant is a partnership, the applicant’s capital is not less than \$50,000 and the applicant’s net worth is not less than \$50,000; or

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(c) where the applicant is a company, limited liability partnership or other body corporate, the applicant's issued and paid-up capital is not less than \$50,000 and the applicant's net worth is not less than \$50,000.

(3) For the purposes of paragraphs (1) and (2), an applicant must submit a financial statement that presents the financial position of the applicant as at a date no earlier than 6 months before the date that the applicant submits the application.

Minimum financial requirements for licensees

13A.—(1) A licensee issued a general licence must, at all times during the currency of the licensee's licence, ensure that —

(a) where the licensee is an individual or unincorporated association, the amount that the licensee has set aside as capital for the licensee's activity as a travel agent is not less than \$100,000 and the licensee's net worth is not less than \$100,000;

(b) where the licensee is a partnership, the licensee's capital is not less than \$100,000 and the licensee's net worth is not less than \$100,000; or

(c) where the licensee is a company, limited liability partnership or other body corporate, the licensee's issued and paid-up capital is not less than \$100,000 and the licensee's net worth is not less than \$100,000.

(2) A licensee issued a restricted licence must, at all times during the currency of the licensee's licence, ensure that —

(a) where the licensee is an individual or unincorporated association, the amount that the licensee has set aside as capital for the licensee's activity as a travel agent is not less than \$50,000 and the licensee's net worth is not less than \$50,000;

(b) where the licensee is a partnership, the licensee's capital is not less than \$50,000 and the licensee's net worth is not less than \$50,000; or

(c) where the licensee is a company, limited liability partnership or other body corporate, the licensee's issued and paid-up capital is not less than \$50,000 and the licensee's net worth is not less than \$50,000.

(3) A licensee that is a company must not reduce its paid-up capital during the currency of its licence without the prior written approval of the Board.

Transitional provision

x. Despite regulation 13A, regulation 13(2) and (3) of the revoked Travel Agents Regulations continue to apply, for a period of 2 years after 1 January 2018, to a licensee who is issued a licence before that date and who is unable to comply with regulation 13A(1).

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[New provision on travel insurance]

Travel insurance

x.—(1) Subject to paragraph (2), a licensee must, before receiving any deposit in relation to an eligible travel product bought in Singapore by an individual —

- (a) ask the individual to consider buying travel insurance —
 - (i) against any failure or disruption in the provision of the eligible travel product arising out of any insolvency on the part of the licensee; and
 - (ii) in favour of each traveller under the eligible travel product; and
- (b) inform the individual of one or more insurers from which the individual may buy travel insurance.

(2) Paragraph (1) does not apply where the individual buying the eligible travel product is doing so for or on behalf of another person who is registered under the Business Registration Act (Cap. 32) or is a body corporate.

(3) The licensee must keep a record (whether in electronic form or otherwise) of the following in respect of each individual to which paragraph (1) applies:

- (a) the name of the individual;
- (b) the licensee's reference number in respect of the travel product;
- (c) the names of all the travellers under the travel product;
- (d) whether the individual wishes to purchase such travel insurance; and
- (e) where the individual buys travel insurance through the licensee, the particulars of each certificate of insurance in respect of the travel product, including the name of the insurer, the name of the policy, the policy reference number and the names of the insured travellers;
- (f) the individual's acknowledgment that the licensee has complied with paragraph (1).

(4) The licensee must preserve a record made under paragraph (2) for a period of not less than 12 months from the date the first deposit is received by the licensee from the individual to which the record relates to.

(5) In this regulation —

“deposit” means any payment for an eligible travel product that is made before the date of departure from Singapore;

“eligible travel product” means a travel product offered by a licensee that entitles one or more individuals to travel out of Singapore, where —

- (a) the licensee requires the payment of a deposit of \$500 or more per individual; or

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- (b) the price (including the amount attributable to the applicable goods and services tax) of the eligible travel product per individual is \$1,000 or more;

“traveller” means an individual entitled to travel under an eligible travel product.

[New provision exempting certain types of persons]

Exemption

- x. Section 6 of the Act does not apply to the following persons:
 - (a) any person who sells to or arranges for any other person a tour within Singapore where —
 - (i) no conveyance is provided to the participants of the tour; or
 - (ii) the type of conveyance provided to the participants of the tour is limited to a conveyance that is constructed to transport no more than 1 individual (with or without carry-on baggage);
 - (b) any person who arranges for or reserves for resale to any person the right of passage on any conveyance within Singapore that is not for the purposes of a tour;
 - (c) any charity registered under section 5 of the Charities Act (Cap. 34).

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[Amended reg 11]

Changes to travel product

11.—(1) Where the licensee intends to make a material change to a travel product that has been sold but not fully delivered and in respect of which the licensee has received any payment for the travel product, the licensee must inform every person who has purchased the travel product (called in this regulation the customer) of the intended change.

(2) Where a customer does not accept the material change on such terms as may be agreed with the licensee, the licensee must —

(a) where the licensee has not delivered any part of the travel product to the customer, allow the customer to cancel the customer's purchase of the travel product and offer to refund to the customer all payments received from the customer for the travel product; or

(b) where the licensee has delivered any part of the travel product to the customer —

(i) allow the customer to cancel the customer's purchase of the undelivered part of the travel product and offer to refund to the customer such amount attributable to the undelivered part of the travel product; or

(ii) where the customer does not cancel the customer's purchase of the undelivered part of the travel product and the change results in a reduction in value of the travel product, offer to refund to the customer such amount corresponding to the reduction in value.

(3) To avoid doubt, this regulation does not affect the customer's rights against the licensee for the material change to the travel product.

[New provision prohibiting payment to personal bank accounts]

Prohibition of payment to personal bank accounts

x. A licensee must not cause or permit any payment to the licensee relating to a travel product to be made to a bank account in Singapore that is held in the name of one or more individuals, except where the licensee is an individual or a partnership and the bank account is held in the name or names of the individual or partners.

[New provision prohibiting touting]

Prohibition against touting

x. A licensee must not tout for business, or do anything that is likely to lead to the reasonable inference that it is done for the purpose of touting, in any place that is not approved by the Board under regulation [10].