



**Memorandum of Understanding on Sample Clauses in Contracts for the Provision of Security
Manpower Services**

Between

Security Association Singapore (The “**Association**”) (UEN: S78SS0021E)

And

XX (the “**Member**”) (UEN: **XX**)

(Hereinafter referred to individually as a “**Party**” and collectively as “**Parties**”)

Whereas the Member is of the view that security contracts should contain terms that are fair and balanced;

Whereas the Association and the Association of Certified Security Agencies (“**ACSA**”) are involved in engaging buyers of security services under the Security Industry Transformation Map and other initiatives and programmes, and are desirous to promote fair contracting practices in the security industry.

The Parties HEREBY AGREE:

1. The Member could include the Sample Clauses at **Annex A** in all its contracts for the provision of security manpower services, or clauses that have the same or better effect.
2. This MOU shall not apply where one, some or all parties are bound by separate international obligations that bind their terms of agreement for security manpower services in Singapore.
3. The Association may propose to the Member, and the Member may accept, any additional clauses to be included as part of the Sample Clauses, which shall be attached to this Agreement as a further Annex.
4. The member may notify the Association in the event that it becomes aware of any contract or tender for the provision of security services in which the proposed contract terms contain unfair

clauses or clauses that may be unenforceable in the courts, giving due regard to the Parties' other obligations under existing laws.

5. Upon notification, the Association shall engage the relevant security buyer and/or managing agent where applicable, by sending them educational materials on general fair and legal contracting practices.
6. Any notice in writing, required to be served pursuant to this MOU shall be deemed to be sufficiently served on the other Party if sent by registered post to its last known place of business or by leaving the same at its registered office.
7. Any costs arising from the implementation of this MOU shall be borne by the respective Party incurring that cost.
8. This MOU constitutes the entire understanding of the Parties with respect to its subject matter and supersedes all oral communications and prior written documents.
9. This MOU shall take effect from the date of its signing and will be valid until such time that either Party informs the other Party in writing of its cessation as a Party to this MOU.
10. No variation of this MOU or of any terms or conditions of the MOU shall be valid until and unless the same is confirmed by both Parties.
11. This MOU shall be governed by and construed according to the laws of the Republic of Singapore, and subject to the non-exclusive jurisdiction of the Singapore Courts.
12. Any dispute arising out of or in connection with this MOU, including any question regarding its existence, validity or termination, shall be determined by arbitration in Singapore in accordance with the LawSoc Arbitration Rules in force at the commencement of the arbitration.

For and on behalf of the Association

Name: Raj Joshua Thomas)
Designation: President)
Date: XX)

For and on behalf of the Member

Name: XX)
Designation: XX)
Date: XX)

Sample Clauses for Security Manpower Contracts

Prompt Payment Clauses

1. Security contracts should include prompt payment clauses based on the type of premises:
 - a. Residential: Contracts for security at residential premises could include a payment clause that provides for a percentage of the contract sum to be made to the Member before the end of the month, and the remaining amount to be made later. Interest on late payments may also be stipulated.

An example of such a clause is as follows:

“The Client shall during the continuance of this Agreement pay to the Agency XX% of the monthly sum of [monthly contract sum] within X weeks of the start of the month in which service is rendered, and the remaining XX% of the monthly sum of [monthly contract sum] within C weeks from the start of the month.

In the event that payment is received by the Agency after the due date stipulated above, the Client shall be liable for a late payment interest fee of XX% of the monthly sum per month, calculated on a daily basis.”

- b. Commercial and Industrial: Contracts for security at commercial and industrial premises could stipulate post-service payment terms and could include a late payment interest clause.

An example of such a clause is as follows:

“The Client shall during the continuance of this Agreement pay to the Agency the monthly sum of [monthly contract sum]. Payment shall be made by the last day of the following month. (this sample clause is for a one-month payment term)

In the event that payment is received by the Agency after the due date stipulated above, the Client shall be liable for a late payment interest fee of XX% of the monthly sum per month, calculated on a daily basis.”

- c. Mixed Developments and Other Types of Premises: Contracts for security at mixed developments and other types of premises could also use the sample clause at 1(b) above.

Dispute Resolution Clauses

2. All security contracts should incorporate one of the dispute resolution clauses stipulated below. Dispute resolution clauses safeguard both parties’ right to have recourse to legal remedies in the event that either party breaches the terms of the contract.
 - a. “Documents-Only” Arbitration: This provides for swift, cost-effective and private dispute resolution. Parties are only required to submit documents for the arbitrator’s

consideration and are not required to appear in person or to engage lawyers to appear on their behalf.

“Any dispute arising out of or in connection with this Contract, including any question regarding its existence, validity or termination, shall be determined by arbitration in Singapore in accordance with the LawSoc Arbitration Rules¹ applicable at the commencement of the arbitration. The arbitration shall be conducted as a “Documents-Only” arbitration under the LawSoc Arbitration Rules.”²

- b. General Arbitration: This provides for arbitration under the Law Society Rules where a hearing would be required. This is appropriate for higher value contracts.

“Any dispute arising out of or in connection with this Contract, including any question regarding its existence, validity of termination, shall be determined by arbitration in Singapore in accordance with the LawSoc Arbitration Rules.”³

- c. Arbitration-Mediation-Arbitration: This provides for mediation after arbitration has been initiated and allows parties to try to amicably settle the dispute through mediation rather than go through the arbitration process immediately. While going through mediation prior to arbitration may add another procedure, if a settlement can be achieved during mediation, this will reduce the amount of time and cost spent by both parties towards achieving a resolution.

“Any dispute arising out of or in connection with this contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by The Law Society of Singapore under the Law Society Arbitration Scheme in accordance with the LawSoc Arbitration Rules of the Law Society⁴ for the time being in force, which rules are deemed to be incorporated by reference in the clause (the “Arbitration Rules”).

The parties further agree that following the commencement of arbitration, they will attempt to resolve the Dispute through mediation under the Law Society Mediation Scheme,⁵ in accordance with the Law Society Arb-Med-Arb Procedure under the Arbitration Rules for the time being in force. Any settlement reached in the course of the mediation shall fall within the scope of this arbitration agreement and may be referred to the Arbitral Tribunal appointed in accordance with this clause and may be made a consent award on agreed terms.”

- d. Litigation Only: This is the least preferred type of clause, as it directs parties immediately to litigation in the courts in the event of a dispute. For corporate disputes, companies must be represented by a lawyer in court (appearance in person is not allowed for companies) which would cause parties to immediately incur litigation costs. Furthermore, court proceedings are a matter of public record, which may result in negative publicity. Arbitration, on the other hand, is confidential in nature. Nonetheless, parties must at least provide a recourse to litigation dispute resolution clause.

¹ Or any other suitable arbitration rules e.g. Singapore International Arbitration Centre (“SIAC”) Rules

² Or any other suitable arbitration rules e.g. SIAC Rules

³ Or any other suitable arbitration rules e.g. SIAC Rules

⁴ Or any other suitable arbitration rules e.g. SIAC Rules

⁵ Or any other suitable mediation procedures e.g. Singapore Mediation Centre Procedures

“Any dispute arising out of or in connection with this contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by the Singapore Courts in accordance with the law of Singapore.”

Limitation of Liquidated Damages Clauses

3. Security contracts should include a limitation of liquidated damages clause.
 - a. Outcome-based Contracts: A percentage of the monthly contract price should be stipulated as the minimum amount to be paid to the Member, after consideration of outcomes. The client should also be required to provide evidence of alleged breaches.
 - b. Headcount-based Contracts: Liquidated damages should be capped at a percentage of the monthly contractual sum. The client should also be required to provide evidence of alleged breaches.

An example of such a clause is as follows:

“The Client shall provide the Agency with the details and where applicable, evidence of the underlying breaches for which the Client intends to impose any liquidated damages.

The total sum of liquidated damages applied per month shall not, in any event, exceed X% of the monthly contract sum. The said limitation on liquidated damages shall not apply to any shortfall, for which there shall be a deduction from the amount due pro-rated from the contract sum.”