Singapore law as the governing law of contracts

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What parties choose when they choose a law

A governing law clause answers several questions at once. It determines how the words of a contract will be interpreted, which terms will be implied, whether a penalty clause or an exclusion clause is valid and what remedies are available for breach. Parties to international contracts generally look for a law that is predictable, published in a language they read, administered by competent and independent judges and familiar to their advisers. They also want a law whose content will not change suddenly, and whose courts will respect the bargain they have made.

English law has long dominated this market in Asia, especially in shipping, commodities and finance. Its attractions are well known: a large body of commercial case law, a tradition of respect for freedom of contract and a profession present in every major financial centre. Singapore law offers almost the same attractions with two additions. It is the law of a jurisdiction located in the region, whose judges understand regional business practices and whose courts sit in the same time zone as

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the parties. It is also the law of a small, neutral state, which matters to parties from China, India or Indonesia who would hesitate to submit to the law of a larger counterpart.

The features of Singapore contract law

For commercial purposes, Singapore contract law is common law contract law. Agreement, consideration, intention to create legal relations, privity, misrepresentation, frustration and damages follow principles that a lawyer trained in London or Sydney will recognise. Where Singapore law diverges from English law, it usually does so on points of detail worked out by the Court of Appeal in reasoned judgments. The divergences are documented in the Singapore Law Reports and discussed in the local literature, which allows advisers to anticipate them.

Statutes fill specific gaps. The English Acts on the sale of goods, misrepresentation and unfair contract terms, applied through the schedules of the Application of English Law Act or re-enacted as Singapore statutes, provide the same framework as in England. Singapore enacted its own legislation allowing third parties to enforce contractual terms in 2001, which follows the English model of 1999.[1] For the banker or the trader, the result is a law with English structure and Singapore authority.

The evidence from arbitration

The most informative data on the use of Singapore law come from the Singapore International Arbitration Centre, which was established on 1 July 1991 and adopted the seventh edition of its rules with effect from 1 January 2025.[2] Chapter II of Part F examines SIAC as an institution. Its annual statistics on governing law are relevant here because most SIAC cases arise from contracts concluded long before the dispute, so the figures reflect choices made at the drafting stage.

In 2023 SIAC received 663 new cases, of which 640 were administered by the centre and 23 were ad hoc appointments. About 93 % of them were international. The law of Singapore was the governing law in 64.6 % of the cases, followed by English law

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with 20.7 % and Indian law with 4.5 %.[3] In 2025 the centre received 886 new cases, of which 737 were administered and 149 were ad hoc appointments, making it the second-highest annual caseload on record. Singapore law governed 52.1 % of the disputes, English law 28.4 % and Indian law 5.0 %.[4]

The figures need careful reading. A seat in Singapore attracts Singapore law, since parties who choose Singapore as their forum often choose its law as well, so the SIAC statistics overstate the share of Singapore law in the wider market. The shift between 2023 and 2025 also shows that English law keeps a large and growing place in contracts arbitrated in Singapore. What the statistics do establish is that Singapore law has become a regular choice in contracts with no other connection to Singapore. The 2025 total also includes a set of 135 related cases in which SIAC acted only as appointing authority, which explains the high number of ad hoc appointments. In 2025 the largest groups of SIAC users came from mainland China (378), Vietnam (337), India (178), Thailand (100) and the United States (83).[5] Many of these parties contract with each other through Singapore, under Singapore law, without either being Singaporean.

Finance documentation and market practice

In banking, the choice of law follows the standard documents. Syndicated loans in the Asia-Pacific region are commonly documented on the templates of the Asia Pacific Loan Market Association, which publishes versions governed by Singapore law alongside English law and Hong Kong law.[6] Bonds issued through Singapore under medium-term note programmes are often governed by English law, with Singapore law used for the documents of local issuers and for security over Singapore assets. Trust deeds for Singapore-based structures, which Chapter IV of Part E discusses, are generally governed by Singapore law because the trust and its trustee are located in Singapore.

Derivatives markets add another dimension. The enforceability of close-out netting determines how much capital a bank must hold against its exposures. The market therefore relies on legal opinions that confirm netting under each relevant law and insolvency regime. Singapore has legislated to protect netting and has been covered

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by industry opinions for many years.[7] For a bank operating from Singapore, the availability of such opinions under the local law reduces the cost of choosing Singapore law for its regional business.

Choice of court and enforcement

A governing law clause is only as useful as the judgment or award that enforces it. Singapore acceded to the New York Convention of 1958 on 21 August 1986, with effect from 19 November 1986, so that awards made in Singapore can be enforced in the 172 states that are parties to it.[8] For court judgments, Singapore ratified the Hague Convention on Choice of Court Agreements of 2005 on 2 June 2016, with effect from 1 October 2016.[9]

The combination of a Singapore choice of law with a Singapore choice of court, or with arbitration seated in Singapore, has therefore become a package. The law provides the content, the forum provides the decision and the conventions carry the decision to the place where the debtor's assets are located. This package is the legal product that Singapore offers to the region. Its value depends on all three elements, which explains why the Ministry of Law treats the promotion of Singapore law, of the SICC and of SIAC as parts of a single strategy.[10]

Notes

1. Sale of Goods Act 1979, Misrepresentation Act 1967 and Unfair Contract Terms Act 1977 (United Kingdom), applied in Singapore through the First Schedule of the Application of English Law Act 1993 and later included in the Revised Edition of Singapore statutes; Contracts (Rights of Third Parties) Act 2001 (Singapore), modelled on the Contracts (Rights of Third Parties) Act 1999 (United Kingdom). ↩
2. Wikipedia, "Singapore International Arbitration Centre" (accessed November 2026): "Established on 1 July 1991"; SIAC Rules, 7th edition, 1 January 2025. ↩
3. CMS, "The SIAC Annual Report 2023 – key takeaways in year of growth and record caseload", cms.law (accessed November 2026): 663 new cases (640

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SIAC-administered, 23 ad hoc); 93 % international; governing law Singapore 64.6 %, UK 20.7 %, India 4.5 %. ↩

4. Herbert Smith Freehills Kramer (G. Satryani, R. Nair, J. Han, E. Kantor), "SIAC Annual Report 2025: Key Statistics, Trends and Takeaways for International Arbitration Practitioners", 22 May 2026, republished on legal500.com (accessed November 2026): 886 new cases (737 SIAC-administered, 149 ad hoc), 89 % international; governing law Singapore 52.1 %, English 28.4 %, Indian 5.0 %. ↩
5. Herbert Smith Freehills Kramer, "SIAC Annual Report 2025", 22 May 2026 (legal500.com, accessed November 2026): the 2025 figure "includes a set of 135 related cases for which SIAC acted as the appointing authority"; top user jurisdictions by volume mainland China (378), Vietnam (337), India (178), Thailand (100), USA (83); total sum in dispute US$14.53 billion (S$18.66 billion). ↩
6. Asia Pacific Loan Market Association, standard documentation for syndicated facilities, including Singapore law-governed versions. ↩
7. International Swaps and Derivatives Association, netting and collateral opinions for Singapore; statutory protection of netting in Singapore insolvency legislation. ↩
8. UNCITRAL, "Status: Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958)", uncitral.un.org (accessed November 2026): 172 parties; Singapore accession 21 August 1986, entry into force 19 November 1986. ↩
9. Hague Conference on Private International Law, status table of the Convention of 30 June 2005 on Choice of Court Agreements, hcch.net (accessed November 2026): Singapore signed on 25 March 2015, ratified on 2 June 2016, entry into force 1 October 2016. ↩
10. Ministry of Law, Response Speech by Second Minister for Law Edwin Tong at the Committee of Supply Debate 2024, 1 March 2024, mlaw.gov.sg (accessed November 2026): references to the growth of the SICC caseload,

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SIAC administering “many cases which do not have a connection directly to Singapore” and the Singapore Convention on Mediation. ↩

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