

6 August 2015

Mr. Christopher J. Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> St., N.W.  
Washington, DC 20581  
United States of America

Dear Mr. Kirkpatrick,

**Self-certification of SGX Iron Ore 58% FE Swap Rules**

**1 Introduction**

1.1 Singapore Exchange Derivatives Clearing Limited ("**SGX-DC**"), a derivatives clearing organisation ("**DCO**") registered with the Commodity Futures Trading Commission (the "**Commission**"), hereby submits a self-certification in respect to the specification of clearing fees of the SGX MB Iron Ore CFR China (58% FE Fines) Swap and SGX TSI Iron Ore CFR China (58% FE Fines) Swap (the "**Clearing Fees**") pursuant to Commission regulation 40.6(a).

**2 Implementation Date**

2.1 The Clearing Fees have been notified to SGX-DC's members by Circular No. DT/AM - 8 of 2015 ("**Circular**") and have not been changed since the date of issuance.

**3 Description of Amendments**

3.1 The text of the Circular with the specification of the Clearing Fees is attached as Appendix 1.

**4 Certification of Compliance with Core Principles**

- 4.1 The Clearing Fees have been adopted in respect of SGX-DC's compliance with Core Principle B on financial resources.
- 4.2 SGX-DC hereby certifies to the Commission that the Clearing Fees comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

**5 Public Notice of Pending Certification**

- 5.1 SGX-DC has made publicly available a notice of the Clearing Fees' pending certification with the Commission, together with a copy of this submission on its website at [http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult\\_pub/dco\\_submissions](http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult_pub/dco_submissions).

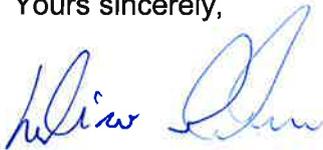
**6 Opposing Views**

- 6.1 There were no opposing views expressed to SGX-DC by its board or committee members, SGX-DC Clearing Members or market participants that were not taken into account in the Clearing Fees' determination. If any opposing views are received by SGX-DC during the Commission's review period, such views will be communicated to the Commission accordingly.

**7 Contact Details**

7.1 Please do not hesitate to contact the undersigned at [ludovico.cardone@sgx.com](mailto:ludovico.cardone@sgx.com) or +65 6713 7765 should you require any clarification.

Yours sincerely,



Ludovico Cardone  
Assistant Vice President  
Legal (Regulation)

## Appendix 1

### Text of the Circular

#### Circular Derivatives



27 Jan 2015

Circular No. **DT/AM - 8 of 2015**

#### **Launch of SGX Iron Ore 58% FE Fines Futures and Swap**

SGX is pleased to announce the launch of two SGX Iron Ore CFR China (58% FE Fines) Index Futures and Swap contracts ("Contracts") on **Monday, 09 March 2015**. The first contract month to be listed at launch is the March 2015 contract.

1. SGX MB Iron Ore CFR China (58% FE Fines) Swap and Index Futures
2. SGX TSI Iron Ore CFR China (58% FE Fines) Swap and Index Futures

#### **Contract Specifications**

The summary contract specifications of the Contracts are described in Appendix A with the full futures contract specifications contained in Appendix B. The key contract specifications of the futures are similar to its corresponding swap's contract specifications. Both share the same daily and final settlement prices and expiry dates.

These new futures contracts will be fully fungible with their corresponding OTC swaps contracts. Once these contracts are submitted for clearing, the risk management treatment and pay-off for the two contracts are identical. Hence, a customer with equal and opposite positions in the futures contract and its corresponding swap contract will enjoy margin offsets.

The new OTC swaps contracts will be listed as part of the existing AsiaClear swap clearing facility and OTC trades of these swaps can be registered using the SGX AsiaClear Trade Registration System. The new futures contracts will be available for trading through the same avenues as the existing products on SGX, namely (i) Central Order Book trading on SGX Quest, (ii) NLT registration, and (iii) Exchange of Futures for Physicals or Exchange of Futures for Swaps. SGX anticipates that the majority of the trades will be bi-laterally matched through inter-broker dealers and registered as Negotiated Large Trades ("NLTs") using the SGX AsiaClear Trade Registration System. Please note that due to system limitations, these products will not be available on SGX eNLT system.

## **Amendments to the Futures Trading Rules and the SGX-DC Clearing Rules**

The introduction of the new futures contracts constitutes amendments to the Futures Trading Rules with respect to the calculation of the final settlement price, daily price limits and position limits. In addition, consequential amendments to the Futures Trading Rules will be required to include the minimum volume thresholds and minimum tick size schedule for NLTs of the new futures contracts, within Appendices A and B to Regulatory Notice 4.1.11 respectively.

Furthermore, the introduction of clearing for the new OTC swaps contracts requires an addition to be made to the SGX-DC Clearing Rules regarding the calculation of the final settlement price, as set out in Appendix 1 to the SGX-DC Clearing Rules.

The amendments to the Futures Trading Rules and the SGX-DC Clearing Rules are enclosed in Appendices C and D respectively, and will be effective from 09 March 2015.

### **Clearing Fees**

The clearing fees for the Contracts are set out in Appendix E. The clearing holiday schedule of the Contracts will be similar to that of SGX Iron Ore CFR China (62% Fe Fines) Futures, Swap and Options. The clearing services will be available during both Singapore and UK holidays. When there is a common holiday in Singapore and the UK, the clearing service will not be available.

### **Margin Offset and Requirements**

Market participants are strongly encouraged to take advantage of capital efficiencies delivered through margin credits on spread positions between the Contracts and SGX Iron Ore CFR China (62% Fe Fines) products.

Margin requirements for the Contracts will be published by the Clearing House closer to the date of launch.

For any clarification, please contact your Business Manager or any of the following:

Brenna Koh at [brenna.koh@sgx.com](mailto:brenna.koh@sgx.com) or tel.: (65) 6236 8827

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Kenny Groth at [kenny.groth@sgx.com](mailto:kenny.groth@sgx.com) or tel.: (44) (0) 207 965 4469

Tan Say Liang at [sayliang.tan@sgx.com](mailto:sayliang.tan@sgx.com) or tel: (65) 6236 8147

We look forward to your continued support and participation in our markets.

Attachment(s):

1. Circular DTAM 8 of 2015 -Iron Ore 58pct Futures and Swap.pdf
2. DTAM 8 of 2015-Iron Ore 58pct Futures Swap-AppA\_Summ Key Contract Sepcs.pdf
3. DTAM 8 of 2015- Iron Ore 58pct Futures - AppB\_Futures Contract Specifications.pdf

4. DTAM 8 of 2015-Iron Ore 58pct Futures-AppC\_Rule Amendmts to SGX-DT Futures Tradg Rules.pdf
5. DTAM 8 of 2015- Iron Ore 58pct Swap- AppD\_Rule Amendments to SGX-DC Clearing Rules.pdf
6. DTAM 8 of 2015-Iron Ore 58pct Futures and Swap-AppE\_Clearing Fees.pdf

Lily Chia  
Head of Product Management  
Commodities

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**Clearing Fee**

<b>Clearing Fee Type</b>	<b>Description</b>	<b>SGX MB Iron Ore CFR China (58% FE Fines) Swap</b>	<b>SGX TSI Iron Ore CFR Qingdao China (58% FE Fines) Swap</b>
Cf 1	Trading Member (Individual)	9	9
Cf 2	Clearing Member House Account	9	9
Cf 3	Trading Member (Broker) House Account	9	9
Cf 5	Clearing Member Customer Account	10	10
Cf 6	Trading Member (Broker) Customer Account	10	10
Cf 7	Trading Member (Proprietary) (Customer)	9	9
Cf 8	Clearing Member Related Company House Account	9	9
Cf E	Trading Member's Trading Representatives (House)	9	9
Cf F	Trading Member's Trading Representatives (Customer)	9	9
Cf G	Clearing Member's Trading Representatives (House)	9	9
Cf K	Trading Member (Proprietary) (House)	9	9

\*Prices shown are before GST.

