

26 February 2014

Ms. Melissa Jurgens  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> St., N.W.  
Washington, DC 20581  
United States of America

VIA EMAIL

Dear Ms. Jurgens,

**Self-certification of Amendments to SGX-DC Clearing 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 for amendments to its Clearing Rules (the "**Amendments**") pursuant to Commission regulation 40.6(a).
- 1.2 The Submission Cover Sheet is attached as Appendix 1.

**2 Intended Implementation Date**

- 2.1 The Amendments are proposed to be implemented in March 2014.

**3 Explanation and Analysis**

- 3.1 The Amendments are to facilitate SGX-DC's acceptance for clearing of the Malaysian Ringgit ("**MYR**") and Thai Baht ("**THB**") over-the-counter non-deliverable interest rate swaps ("**NDIRS**") (collectively, the "**Contracts**"), which are to be launched in March 2014.
- 3.2 In particular, the Amendments include NDIRS as a product group of OTC financial derivatives contracts in the SGX-DC Clearing Rules and further clarifies the currency of settlement for the Contracts.

**Singapore Exchange Derivatives Clearing Limited**

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3.3 SGX-DC is registered as an approved clearing house under the Securities and Futures Act of Singapore and regulated by the Monetary Authority of Singapore (“MAS”). The Amendments have separately been reviewed and approved by the MAS.

#### 4 **Description of Amendments**

4.1 Rule 7.13A.2 and Practice Note 7A.02.1.5.c.ii of the SGX-DC Clearing Rules would be amended as a result of the Amendments.

4.2 The text of the Amendments with the changes indicated is attached as Appendix 2.

#### 5 **Certification of Compliance with Core Principles**

5.1 The Amendments have been promulgated in respect of SGX-DC’s compliance with Core Principle E on settlement procedures and seek to provide clarity on the settlement currencies for the Contracts.

5.2 SGX-DC hereby certifies to the Commission that the Amendments comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

#### 6 **Public Notice of Pending Certification**

6.1 SGX-DC has made publicly available a notice of the Amendments’ pending certification with the Commission, together with a copy of this submission on its website at the following address: <http://www.sgx.com/wps/portal/sgxweb/home/regulation/howwereg>.

#### 7 **Opposing Views**

7.1 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 incorporated into the Amendments. If any opposing views are received by SGX-DC during the Commission’s review period, such views will be communicated to the Commission accordingly.

**8 Contact Details**

8.1 Please do not hesitate to contact the undersigned at [eli.cohen@sgx.com](mailto:eli.cohen@sgx.com) or +65 6236 5104 should you require any clarification.

Yours sincerely,



Eli Cohen  
Head, Legal (Regulation)

**Appendix 1**

**Submission Cover Sheet**

## **Appendix 2**

### **Text of the Amendments**

## RULE AMENDMENTS

### 7.13A.2

Settlement Variation and any interest payable on Settlement Variation (where relevant) as calculated and/or determined at such times as the Clearing House shall determine, must be paid in cash in the currency of each of the OTCF Contracts or, in the case of OTCF Contracts relating to non-deliverable foreign exchange forwards and non-deliverable interest rate swaps, the currency specified as the settlement currency in the OTCF Contract Terms.

### Practice Note 7A.02.1.5.c.ii OTCF Product Group By Currency

2.1. A product group means a distinct group of OTCF Contracts in a specified currency for which the Clearing House offers clearing services.

2.2. The Product Groups by currency cleared through the Clearing House are as follows:

<u>Product Group</u>	<u>Currency</u>
Interest rate swaps	(a) Singapore dollars (b) US dollars
Non-deliverable foreign exchange forwards	(a) Chinese Yuan (b) Indian Rupee (c) Indonesian Rupiah (d) Korean Won (e) Malaysian Ringgit (f) New Taiwan Dollar (g) Philippine Peso
<u>Non-deliverable interest rate swaps</u>	(a) <u>Malaysian Ringgit</u> (b) <u>Thai Baht</u>

2.3. As an example, a suspended or defaulted Clearing Member's residual OTCF positions in Singapore dollar interest rate swaps may only be assigned to a non-defaulting Clearing Member which has cleared Singapore dollar interest rate swaps in the last three months. The residual OTCF positions may not be assigned to a non-defaulting Clearing Member which has cleared US dollar interest rate swaps, but not Singapore dollar interest rate swaps in the last three months.