SUMMARY: The Commodity Futures Trading Commission (“Commission”) is issuing an Amended Supplemental Order authorizing members of Singapore Derivatives Trading Ltd (“SGX”), formerly known as Singapore International Monetary Exchange Ltd (“SIMEX”), to solicit and accept orders from U.S. customers for otherwise permitted transactions on all non-U.S. exchanges where such members are authorized by the laws of Singapore to conduct futures business for customers. The Amended Supplemental Order is issued pursuant to Commission Regulation 30.10, which permits the Commission to grant an exemption from certain provisions of Part 30 of the Commission’s regulations, and supersedes the Commission’s prior Supplemental Order dated September 9, 1999.


FOR FURTHER INFORMATION CONTACT: Lawrence B. Patent, Deputy Director, or Andrew Chapin, Special Counsel, Division of Clearing and Intermediary Oversight, at (202) 418–5430.

SUPPLEMENTARY INFORMATION: The Commission has issued the following Order:

Amended Supplemental Order Granting Expanded Relief Pursuant to Commission Regulation 30.10 for Otherwise Permitted Transactions on All Non-U.S. Exchanges Where Firms Designated by the Singapore Derivatives Trading Ltd Are Authorized by Exchange Regulations To Conduct Futures Business for Customers, Subject to Certain Conditions

On December 30, 1988, the Commission issued an Order granting relief under Regulation 30.10 authorizing designated members of SGX to solicit and accept orders from customers located in the U.S. for otherwise permitted transactions on the Exchange. On September 9, 1999, the Commission issued a Supplemental Order expanding the relief to include otherwise permitted transactions on Eurex Deutschland. By letter dated November 30, 2006, SEL petitioned the Commission on behalf of SGX to amend the Supplemental Order to permit members designated by SGX to solicit and accept orders from foreign futures and options customers for otherwise permitted transactions on all non-U.S. exchanges where Exchange Members are authorized by Singapore law to conduct futures and options business for customers, subject to SGX and SGX Members’ continued compliance with the terms of the Original Order and with certain specified conditions.

On occasion, the Commission has issued Regulation 30.10 orders and/or supplemental orders that permitted members of an exchange with confirmation of Regulation 30.10 relief to trade on behalf of U.S. customers on other authorized or designated exchanges outside the jurisdiction of the Regulation 30.10 recipient. To ensure that U.S. customers receive adequate protection for transactions intermediated by non-U.S. persons on or subject to the rules of a foreign exchange located outside the jurisdiction of a Regulation 30.10 recipient, the Commission requires the jurisdiction to which the Regulation 30.10 order is directed to demonstrate that such transactions will be regulated as if they were executed on an exchange located within the recipient’s jurisdiction. To make this demonstration, the Regulation 30.10 recipient must: (1) Prohibit its regulators or members from intermediating otherwise permitted transactions for U.S. customers on unapproved foreign exchanges as set called JADE, is the result of a joint venture with the Chicago Board of Trade, Inc., to trade commodity futures and option contracts.

The term “foreign futures or foreign options customer” means any person located in the U.S., its territories or possessions, who trades in foreign futures or foreign options.

The term “non-U.S. exchange” refers to a foreign board of trade which is defined in Commission Regulation 1.3(ss), 17 CFR 1.3(ss) as: Any board of trade, exchange or market located outside the United States, its territories or possessions, whether incorporated or unincorporated, where foreign futures or foreign options transactions are entered into. Thus contracts that are traded on a market that has been designated as a contract market pursuant to section 5 of the Commodity Exchange Act (“Act”) are not within the scope of this Order.

Letter dated November 30, 2006, from Arul Ramiah, Head, Regulatory Policy for SEL, to Ananda K. Radhakrishnan, Director, Division of Clearing and Intermediary Oversight.

See, e.g., 71 FR 40395 (July 17, 2006) (authorizing members of the Sydney Futures Exchange (“SFE”) to solicit and accept orders from U.S. customers for otherwise permitted transactions on all non-U.S. and non-Australian exchanges where such members are authorized by the regulations of the SFE to conduct futures business for customers).

64 FR at 50251.
forth under local law, and must specify which exchanges are authorized by local law; (2) represent that regulators or member firms with U.S. customers will comply with all the terms and conditions of the original Regulation 30.10 Order with respect to transactions entered into on or subject to the rules of a foreign exchange located outside its jurisdiction; and (3) confirm that it has the authority and the ability to enforce its laws, rules and/or regulations with respect to those transactions to the same extent that it conducts such activities on an exchange located within its jurisdiction. The Regulation 30.10 recipient also should specify in its application if there does not exist a specific statute or regulation setting forth a list of authorized or recognized exchanges.8

Upon due consideration, the Commission has determined to issue this Amended Supplemental Order permitting SGX Members to which Regulation 30.10 relief has been confirmed by the Commission or by the National Futures Association (“NFA”) to solicit and to accept orders from U.S. customers for otherwise permitted transactions in commodity futures and commodity options (including options on futures) on or subject to the rules of any non-U.S. exchange where such members are authorized by the laws of Singapore to conduct futures business for customers.

The expanded Regulation 30.10 relief provided under this Amended Supplemental Order, however, is contingent on the SGX members’ continued compliance with the Original Order, and the SGX’s and SGX Members’ compliance with the following conditions:

(1) SGX will carry out its compliance, surveillance and rule enforcement activities with respect to solicitations and acceptance of orders by designated Exchange Members of U.S. customers for futures and options business on all non-U.S. exchanges where such members are authorized by the laws of Singapore to conduct futures business for customers to the same extent that it conducts such activities in regard to SGX business;

(2) SGX will cooperate with the Commission with respect to any inquiries concerning any activity which is the subject of this Amended Supplemental Order, including sharing the information specified in Appendix A to the Part 30 regulations, 17 CFR Part 30, on an “as needed basis,” on the same basis as set forth in the Original Order;

(3) Each SGX Member firm confirmed for relief under the Original Order seeking to engage in activities that are the subject of this Amended Supplemental Order must agree to provide the books and records related to such activities required to be maintained under the applicable SGX rules and laws in effect in Singapore on the same basis as set forth in the Original Order;

(4) SGX members who apply for confirmation of Regulation 30.10 relief with the National Futures Association must provide and maintain a list of the foreign exchanges where they intend to engage in transactions on behalf of U.S. customers pursuant to relief granted by this Amended Supplemental Order and must agree to abide by the terms and conditions of the Original Order; and

(5) SGX will continue to comply with the terms of the Original Order with respect to transactions effected for U.S. customers on SGX.

As set forth in the Commission’s September 11, 1997 Order delegating to NFA certain responsibilities, the written representations set forth above shall be filed with NFA.9 Specifically, SGX Members applying for confirmation of Regulation 30.10 relief subsequent to the issuance of this Amended Supplementary Order must submit representations to NFA consistent with condition (3) of this Order, and the list of foreign exchanges required by condition (4), as well as representations required by the Original Order. SGX Member firms that currently operate under the Original Order will be deemed to have consented to condition (3) by effecting transactions pursuant to this Amended Supplemental Order. Each firm seeking relief hereunder has an ongoing obligation to notify NFA should there be a material change to any of the representations required in the firm’s application for relief, including any change in the list of foreign exchanges referred to in condition (4).

The expanded Regulation 30.10 relief provided by this Amended Supplemental Order remains subject to the existing product restrictions under the Act and Commission regulations thereunder including those related to stock indices, foreign government debt and foreign security futures products.10 The expanded Regulation 30.10 relief provided under this Amended Supplemental Order also is contingent upon the continued compliance by the Monetary Authority of Singapore (“MAS”) with the terms and conditions of the information sharing arrangement with the Commission regarding the Regulation 30.10 activities of the SGX members.11

This Amended Supplemental Order is issued based on the information provided to the Commission and its staff. Any changes or material omissions may require the Commission to reconsider the authorization granted in this Amended Supplemental Order.

List of Subjects in 17 CFR Part 30
Commodity Futures, Commodity Options, Foreign Futures and Options.

Accordingly, 17 CFR part 30 is amended as set forth below:

PART 30—FOREIGN FUTURES AND FOREIGN OPTIONS TRANSACTIONS

1. The authority citation for part 30 continues to read as follows:

Authority: 7 U.S.C. 1a, 2, 4, 6, 6c and 12a, unless otherwise noted.

Appendix C to Part 30—Foreign Petitioners Granted Relief From the Application of Certain of the Part 30 Rules Pursuant to §30.10

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2. The citation “Firms designated by the Singapore International Monetary Exchange Limited” is to be revised as follows:

Firms designated by the Singapore Derivatives Trading Limited,

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FR date and citation: [insert date of this release], 72 FR [insert number of page on which this release begins].

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3. The following citations are to be added:

Firms designated by the Taiwan Futures Exchange,

FR date and citation: March 28, 2007, 72 FR 14413.

Firms designated by the Tokyo Commodity Exchange,

FR date and citation: February 9, 2006, 71 FR 6759.

Firms designated by the Bolsa de Mercadorias & Futuros,

FR date and citation: July 8, 2002, 67 FR 45056.

Firms designated by Eurex Deutschland,

FR date and citation: May 8, 2002, 67 FR 30785.

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8 Id. at n.20. See, e.g., 67 FR 30785 (May 8, 2002) (authorizing members of Eurex Deutschland (“Eurex”) to solicit and accept orders from U.S. customers for otherwise permitted transactions on all non-U.S. exchanges where such members are authorized by Eurex regulations and German law to conduct futures business for customers).

9 See, e.g., Sections 2(a)(1)(C), (D) and (E) of the Act.

10 See, e.g., Sections 2(a)(1)(C), (D) and (E) of the Act.

11 Letter from Neo Boon Siim, Head, Market and Clearing Houses Division, MAS, to Ananda K. Radhakrishnan, Director, Division of Clearing and Intermediary Oversight, dated June 11, 2007. The Commission signed a bilateral Memorandum of Understanding (“MOU”) with MAS on May 16, 2000 concerning Consultation, Co-operation and the Exchange of Information (concluded jointly with the U.S. Securities and Exchange Commission). In addition, MAS also is a signatory to the IOSCO Multilateral MOU.
Issued in Washington, DC on August 24, 2007.

David Stawick,
Secretary of the Commission.
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