



21 March 2017

Mr. Chris Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21st St., N.W.  
Washington, DC 20581  
United States of America

Dear Mr. Kirkpatrick

### **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 ("**Commission**"), hereby submits a self-certification for amendments ("**Amendments**") to its Clearing Rules ("**SGX-DC Clearing Rules**") pursuant to Commission regulation 40.6(a).

#### **2. Intended Implementation Date**

2.1 The Amendments are proposed to be implemented in 1 January 2018.

#### **3. Explanation and Analysis**

3.1 SGX-DC currently clears the SGX TSI Iron Ore CFR China (62% Fe Fines) Swap contract. The final settlement price ("**FSP**") of this contract is calculated as the arithmetic average of all the daily values of The Steel Index ("**TSI**") Iron Ore Fines 62% FE – CFR Tianjin Port.

3.2 On 18 January 2017, TSI announced that it would be proceeding with proposed changes to update the specification and delivery point of the TSI Iron Ore 62% Fe Benchmark Index. TSI's proposed changes will take effect on 1 January 2018.

3.3 As SGX-DC's contract references the index published by TSI, amendments are necessary to update the relevant FSP provisions within the SGX-DC Clearing Rules.

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

4.1 Appendix 1 of the SGX-DC Clearing Rules sets out the FSP of the various swap contracts cleared by SGX-DC.

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4.2 With TSI's proposed change, the SGX-DC Clearing Rules has been updated to remove references to the Tianjin Port in the FSP provision for the affected contract.

4.3 The text of the Amendments with the changes indicated is attached in Appendix 1.

## **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 final settlement prices for the affected contract.

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/consult\\_pub/dco\\_submissions](http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult_pub/dco_submissions).

## **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 [benjamin.kong@sgx.com](mailto:benjamin.kong@sgx.com) or +65 6236 8593 should you require any clarification.

Yours sincerely



Benjamin Kong  
Assistant Vice President  
Regulatory Development and Policy  
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## Appendix 1

### Amendments to the SGX-DC Clearing Rules

*Proposed amendments are marked in blue.*

#### **Appendix 1 – Final Settlement Price**

##### **Iron Ore Swap Contracts**

Products	Iron Ore Swap			
<b>Contract</b>	SGX TSI Iron Ore CFR China (62% Fe Fines) Swap	SGX MB Iron Ore CFR China (58% FE Fines) Swap	SGX TSI Iron Ore CFR China (58% FE Fines) Swap	SGX Platts Iron Ore CFR China (Lump Premium) Swap
<b>Final Settlement Price</b>	Cash settlement using the arithmetic average of all The Steel Index (TSI) Iron Ore Fines 62% FE — <del>CFR Tianjin Port</del> <u>CFR China</u> reference prices in the expiring month, rounded to 2 decimal places.	Cash settlement using the arithmetic average of all the aggregate daily values of MBIOI — 58% FE Fines, CFR Qingdao Index and MBIOI — 58% Premium FE Fines, CFR Qingdao Index reference prices, as published by Metal Bulletin, in the expiring contract month, rounded to 2 decimal places.	Cash settlement using the arithmetic average of all The Steel Index Iron Ore Fines 58% Fe (Low Alumina) — CFR Qingdao Port Index reference prices in the expiring contract month, rounded to 2 decimal places.	Cash settlement using the arithmetic average of all Platts IO Spot Lump Premium 62.5% CFR China Index reference prices in the expiring contract month, rounded to 4 decimal places

