

5 April 2019

Mr Christopher J. 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 (the "**Commission**"), hereby submits a self-certification for amendments to its Clearing Rules (the "**Amendments**") pursuant to Commission regulation 40.6(a).

2. Intended Implementation Date

2.1 The Amendments are proposed to be implemented on 22 April 2019, and will not be implemented prior to the Commission's 10 business day review period.

3. Explanation and Analysis

3.1 The Amendments are in respect of revisions to the financial and capital requirements of Remote Clearing Members ("**RCMs**") and Bank Clearing Members ("**BCMs**") of SGX-DC. These revisions seek to: (a) take into account developments in the regulatory landscape which subject our members to enhanced regulatory requirements, and (b) recalibrate SGX's requirements to better reflect the levels of risk posed by our members.

3.2 The key Amendments include:

(a) Removal of SGX's Risk Based Capital ("**RBC**") requirements currently imposed on RCMs and BCMs, and to regulate members based on the financial and capital requirements set by the regulator of the country where a member carries out regulated activities, if such regulator has financial and capital frameworks equivalent to that of SGX's framework. Members will only need to comply with the financial, capital and reporting requirements imposed by that

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regulator instead of having to comply with both SGX's RBC requirements and the other regulator's requirements.

- (b) Removal of the requirement for foreign-incorporated BCMs that clear Securities, Non-relevant Market Contracts and Exchange Traded Derivatives to deposit Financial Resources of no less than S\$5 million or 100% of the Total Risk Requirement with SGX on an ongoing basis. Instead, a new Liquidity Resource Requirement will be imposed on such BCMs on an ad-hoc basis to allow SGX to call for additional collateral in the event that SGX determines that conditions exist which may threaten the ability of the BCM to satisfy its obligations to SGX.

4. Description of Amendments

- 4.1 SGX-DC Clearing Rules 2.02B, 2.07.1B, 2.07.8, 2.07A, 2.07B, 2.08, 2.08A, 2.08B, 2.11, 2.15, 2.23, 2.26, 2.27 and 9.01 will be amended, and new Rule 2.08.1BA will be introduced to reflect the Amendments.
- 4.2 The text of the Amendments with the changes indicated is attached as [Appendix A](#).

5. Certification of Compliance with Core Principles

- 5.1 The Amendments have been promulgated in respect of SGX-DC's compliance with Core Principle C on participant eligibility and seek to maintain a framework of appropriate admission and continuing eligibility standards (including sufficient financial resources and operational capacity to meet obligations arising from participation in the DCO) for members of SGX-DC.
- 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:
<https://www2.sgx.com/regulation/about-sgx-regco#Meeting%20International%20Standards>

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.

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8. Contact Details

8.1 Please do not hesitate to contact the undersigned at lynne.chan@sgx.com or +65 6713 6360 should you require any clarification.

Yours sincerely,

A handwritten signature in blue ink, appearing to be "Lynne Chan", written in a cursive style.

Lynne Chan
Senior Associate
Regulatory Development and Policy (SGX RegCo)

